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ABSTRACT

Information is presented on a review by the Florida State Postsecondary Education Planning Commission of current policies and procedures related to Florida's State Board of Education academic contracts with independent postsecondary institutions. It examines issues on funding, identification of areas of need, evaluation of program quality, and procedures for reevaluating existing contracts. Four sections focus on: (1) academic program contracts subject to the Commission's review; (2) state-supported projects at independent postsecondary institutions not reviewed by the Commission; (3) contacting efforts in other states; and (4) issues and recommendations (academic program contracts under the Commission's review, contracts outside its review, and auditing state-supported contracts at independent institutions). Twelve recommendations include: the criteria currently considered by the Commission in the assessment of program quality should continue to be utilized; by statute, a 5-year comprehensive evaluation of each contract program should continue to be conducted by the Department of Education and Commission with the use of an out-of-state consultant; and the state should continue to fund academic program contracts on the basis of tuition differential per credit hour for programs at the bachelor's and master's degree levels. When compared to other states, Florida is considered the leader in funding state supported academic program contracts in independent institutions. Appended are statutes and rules related to academic program contracts, a consultant's suggestions for improvement, and the Board of Regents report on academic program contracts. (SM)

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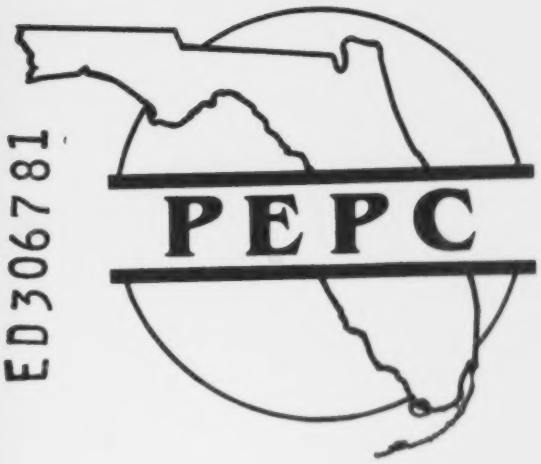

A STUDY OF ACADEMIC PROGRAM CONTRACTS WITH INDEPENDENT POSTSECONDARY INSTITUTIONS

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Report and Recommendations of the Postsecondary Education Planning Commission

HE 022 430

1989 - REPORT 5

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The Postsecondary Education Planning Commission, initially created by executive order in 1980 and subsequently given statutory authority, serves as an advisory body to the State Board of Education on all postsecondary education matters. The Commission is composed of 11 members of the general public and one full-time student registered at a postsecondary education institution in Florida. Members are appointed by the Governor with the approval of three members of the State Board of Education and subject to confirmation by the Senate.

The major responsibility of the Commission is preparing and updating every five years a master plan for postsecondary education. The enabling legislation directed that the Plan "shall include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, demographic patterns, student demand for programs, needs of particular subgroups of the population, implementation of innovative educational techniques and technology, and the requirements of the labor market. The capacity of existing programs, in both public and independent institutions, to respond to identified needs shall be evaluated and a plan shall be developed to respond efficiently to unmet needs."

Other responsibilities include recommending to the State Board of Education program contracts with independent institutions; advising the State Board regarding the need for and location of new programs and branch campuses of public postsecondary education institutions; reviewing public postsecondary education budget requests for compliance with the State Master Plan; recommending to the Commissioner of Education proposals for support through the Postsecondary Cooperation Trust Fund; and periodically evaluating the State's 28 regional coordinating councils for vocational education, adult general education and community instructional services.

Further information about the Commission, its publications, meetings and other activities may be obtained from the Commission office, 304 Knott Building, Department of Education, Tallahassee, Florida, 32301; telephone (904) 488-7894.

POSTSECONDARY EDUCATION PLANNING COMMISSION

A STUDY OF ACADEMIC PROGRAM CONTRACTS WITH INDEPENDENT POSTSECONDARY INSTITUTIONS

Prepared in Response to
Specific Appropriations 523 through 527
of the
1988 General Appropriations Act
(Chapter 88-555, Laws of Florida)

1989 - Report 5

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EXECUTIVE SUMMARY

In proviso language accompanying Specific Appropriations 523 through 527 of the 1988 General Appropriations Act, the Postsecondary Education Planning Commission was directed to "review current policies and procedures related to State Board of Education academic contracts with independent postsecondary institutions. The review shall examine issues related to funding, identification of areas of need, evaluation of program quality, and procedures related to the reevaluation of existing contracts. The Commission shall submit a report and recommendations to the Legislature and State Board of Education by March 1, 1989."

To direct this study, the Commission Chairman created a Program Committee consisting of Commission members Robert Kerrigan, Chairman, Donald Kahn, Robert Mautz, Thomas McGehee, and Carolyn Wilson. The Committee held five public meetings at which time information was presented on existing and proposed academic program contracts which the Commission has reviewed and recommended, state-funded projects at independent institutions which were directly funded by the Legislature without a review by the Commission, cost comparisons of academic program contracts, and the contracting activities process with the independent sector utilized in other states. To facilitate the legislative charge, the Commission contracted with Dr. Gordon Van de Water of Augenblick, Van de Water and Associates of Denver, Colorado to evaluate the Commission's procedures regarding the identification of program need and the evaluation of program quality.

Florida has been cited repeatedly as a leader in contracting for programs with the independent sector. This recognition was supported by the variety of programs, the magnitude of funding, and the comprehensiveness of the contracting policies and procedures utilized in Florida. Tennessee is a distant second to Florida in the magnitude of funding for academic program contracts in independent institutions. It appears that those states currently involved with contracting are typically expanding access for their residents to the health profession fields. In addition, some evidence exists of contracting by a few states on a small scale in engineering and teacher education.

The study found state-supported education contracts with independent institutions in Florida have increased dramatically during the 1980s. For example, seven contracts totaling $9,696,300 were funded by the 1982 Legislature. The seven contracts included the First Accredited Medical School funded at $8,364,080, four contracts which were reviewed by the Commission and recommended to the State Board of Education and Legislature for a total of $932,220, and two legislature-initiated contracts for a total of $400,000. Six years later, 1988 Legislature funded 27 contracts for a total of $20,208,098. The 27 contracts included the First Accredited Medical School for $11,176,000, 12 contracts totaling $3,555,898 which were reviewed by the Commission and recommended to the Legislature, 12 contracts which were not reviewed by the Commission totaling $3,436,200, and SECOM and SECOPS contracts totaling $2,040,000. SECOM and SECOPS were created by the Legislature without a review or recommendation by the Commission or State Board of Education; however, as directed by the Legislature, each now receives an annual review by the Commission (SECOM since 1985 and SECOPS since 1988).

The 27 state-supported education contracts with independent institutions include two major types. The first type of education contract involves the State of Florida contracting with independent colleges and universities for Florida residents to participate at state tuition rates in selected academic programs. This process was originally authorized by the Legislature in 1975 as one manifestation of the recognition by the State of Florida that all postsecondary education resources must be utilized to meet the educational needs of a rapidly growing State. In 1981, the Legislature transferred authority for contracts from the Board of Regents to the State Board of Education and the Commission was given responsibility to recommend contracts to the State Board. The academic program contracting process is not primarily a form of assistance to independent institutions, but rather a means for the State to meet unfulfilled postsecondary education needs in an effective manner. This type of contracting requires the submission of a proposal to the Commission for review and recommendation to the State Board of Education and Legislature.

The second type of educational contract is depicted by those projects for which funds are directly appropriated by the Legislature without a formal review or recommendation process. Although the Commission has been charged in statute with recommending academic program contracts with independent institutions to the State Board of Education since 1981, contracts of this type at independent institutions have not been reviewed by the Commission nor recommended to the Legislature for funding through the processes established by the State Board of Education and Commission. State support for these contracts has been initiated by direct legislative appropriation without the preparation of a proposal by the independent institution or a formal review and evaluation process. Once funds are appropriated by the Legislature to support these contracts, they have been placed either in the budget entities of the Board of Regents or the Department of Education. In contrast to the contracts which were reviewed and recommended by the Commission to increase access to academic programs, these contracts focus primarily on special instructional or research and development interests of the State.

As requested in the legislative proviso, the Commission reviewed issues related to funding, the identification of areas of need, evaluation of program quality, and procedures related to the reevaluation of existing contracts. In addition to addressing these issues, the Commission reviewed the related issues of new program approval in the State University System, cost comparisons of academic programs in the public and independent sectors, and auditing state-supported contracts. The Commission's recommendations, which respond to these issues by focusing on increased efficiency and accountability in the contracting process, are presented by the two types of contracts: (1) academic program contracts under the Commission's review, and (2) contracts outside the Commission's review.

Academic Program Contracts Under the Commission's Review

Academic program contracts with independent institutions provide a mechanism to ensure that unfulfilled postsecondary education needs are met in an effective and efficient manner. Since receiving the legislative authority to recommend contracts with independent institutions in 1981, the Commission has recommended nine contract proposals to the State Board of Education which are

now funded annually. In addition, three contracts recommended by the Board of Regents prior to 1981 continue to be funded each year. Three other contracts are being recommended to the 1989 Legislature by the Commission and State Board of Education.

Identification of Areas of Need

In reviewing the current policies and procedures relating to the identification of areas of need for academic program contracts, the Commission's analysis focused on both the process used by the Commission in the identification of the program area for contract consideration, as well as the determination of need once a specific program at an independent institution has been identified. To date, program identification for most academic program contracts has been initiated by the independent institution. However, at times, efforts have been made by the Commission through special studies to identify the need for a program not being met in the public sector, and then to solicit proposals to meet the identified need. By either means of identification, the initial requirement to justify need for state funding rests with the institution through the submission of a detailed and thorough proposal. Upon evaluation of the process used to justify need through the submission of a detailed and thorough proposal, the external consultant for this study suggested adopting a two-step process which would allow for the initial justification of need prior to completion of a full proposal. The Commission believes that this modification incorporates the resource limitations of both the Commission staff and the independent institutions while providing for effective identification of need.

Evaluation of Program Quality

The quality of a proposed contract with the State for a specific academic program at an independent institution is assessed in a manner similar to that utilized by the Board of Regents in the new program approval process and to procedures employed by specialized accrediting agencies when individual programs are evaluated. The evaluation process includes an analysis by Commission staff and an expert consultant of the program proposal, relevant reports pertaining to the specific discipline, and an on-site visit. Having considered the suggestions of the expert consultant who reviewed the process used to evaluate program quality, the Commission believes that the procedures utilized to assess quality are appropriate and should continue to be utilized.

Procedures Relating to the Reevaluation of Existing Contracts

To ensure that established contract programs maintain high quality and continue to serve the State at an appropriate level of need, the Commission conducts annual and five-year reviews. Annual on-site visits to contract programs are generally routine checks to verify that no changes have occurred which would necessitate alterations in funding. The Commission believes that the majority of the information obtained on-site could be mailed to the Commission and analyzed without an on-site visit. Academic contract programs which have completed at least two successful annual visitations could be exempt from subsequent on-site visitations by providing the Commission with annual reports consisting of quantified data. On the other hand, five-year reviews conducted by the Department of Education in cooperation with the

Commission provide the mechanism to extensively reevaluate each academic contract to determine need for continuance with or without modification in level of funding. These five-year reviews should be continued.

New Program Approval in the State University System

To provide for the optimal use of all postsecondary resources in the State of Florida, it is essential that the Board of Regents new program approval and the Commission's academic program contract recommendation processes consider the availability of similar programs in both the public and independent sectors. The Commission believes that the practice of forwarding a copy of contract proposals to the Board of Regents for review prior to the Commission's recommendation for funding should be continued. In addition a feasibility/planning study submitted for a new program by a state university should be forwarded to the Commission for review prior to the Board of Regents granting authority to the state university to plan for the program.

Funding and Cost Comparisons

Contracting with independent institutions for academic programs has been recognized through statute and the Master Plan for Florida Postsecondary Education as as a cost-effective approach to meeting the State's needs and goals. To ensure the economic advantage of contracting to the State, the costs of state-supported programs in the independent sector are compared to similar programs in the public sector. Although accurate comparisons have been problematic due to differences in accounting procedures, fluctuating enrollments, and the absence of similar programs in the public sector, the Commission believes that the current practice of funding on the basis of a tuition differential at the baccalaureate and master's degree levels and on full cost per credit hour for the two current doctoral programs is both appropriate and in the best economic interest of the State. Furthermore, the Commission believes that cost comparisons with similar public sector programs should continue to be monitored periodically and at least once every five years.

The following recommendations apply to academic program contracts under the Commission's review:

Recommendations:

1. **The alternative paths currently used by the Commission for the identification of possible program areas to be considered for a contract (through a special study by the Commission or directly by the institution) should continue to serve as the mechanisms for identification of program areas of need.**

2. **The Commission's procedures for proposal submission should be modified to permit an independent institution to provide a statement of intent for evaluation and response by the Commission prior to submission of a complete proposal. The statement of intent should include justification for program need.**

3. The criteria currently considered by the Commission in the assessment of program quality should continue to be utilized. An out-of-state consultant with expertise in the discipline area being evaluated should continue to be employed to assist in the assessment of program quality.

4. The annual on-site review of existing academic program contracts should be modified to permit contract programs which have successfully completed two annual visitations, and have provided accurate and appropriate annual monitoring reports to the Commission and Department of Education, to participate in a visitation by exception option. If an academic program administrator provides evidence that the contract is meeting acceptable minimum standards of quality, then an annual on-site visit is not needed. If the reports reveal deterioration in quality, the Commission should require an immediate visitation. Occasional ad hoc visits should also be conducted.

5. As required in statute, a five-year comprehensive evaluation of each contract program, including an on-site visit, should continue to be conducted by the Department of Education and Commission with the use of an out-of-state consultant. Board of Regents staff should be invited to participate on those on-site reviews of existing academic program contracts which may be similar or duplicative of a program in the State University System.

6. The Commission should be involved in the Board of Regents new program approval process. The State University System should forward requests to conduct feasibility/planning studies for new degree programs to the Commission. Proposals for programs which are similar to, or duplicative of, existing or proposed contracts in the independent sector, must be reviewed by the Commission with comments forwarded to the Board of Regents prior to the Board's granting permission to the institution to proceed with planning the new program.

7. The Board of Regents should continue to review contract proposals submitted by independent institutions to the Commission to ensure consistency with the State University System Master Plan and to identify similar existing or planned programs in the public sector.

8. The State should continue to fund academic program contracts on the basis of tuition differential per credit hour for programs at the bachelor's and master's degree levels. Funding for the two current doctoral programs should continue on a full cost per credit hour basis using the definitions developed by the State University System for determining full cost per credit hour. Future proposals for doctoral programs should be evaluated individually to determine if full cost or tuition differential is the most appropriate mechanism for funding the proposed doctoral program. Cost comparisons with similar

public sector programs should continue to be monitored periodically and at least once every five years.

Contracts Outside the Commission's Review

This report describes projects with independent institutions which have been funded by the Legislature directly without a formal evaluation and review process. In 1988-89, contracts with independent institutions which have not been reviewed by the Commission received $14,612,200 in state support; $11,176,000 of this amount is appropriated to the First Accredited Medical School at the University of Miami. In contrast, 12 contracts involving $3,555,898 have been subjected to the direct review by the Commission prior to receiving legislative funding.

The practice of the Legislature directly appropriating funds for contracts at independent institutions without a formal review and evaluation process has been questioned by several groups. For example, the Independent Colleges and Universities of Florida (ICUF) has opposed the actions of independent colleges and universities which have circumvented the approval procedures for contract submission by going directly to the Legislature.

Similarly, in 1988 State University System Master Plan it was recommended that "state assistance to independent colleges and universities, other than financial aid and tuition vouchers, be provided only for those programs which have been appropriately reviewed and recommended for funding by the Postsecondary Education Planning Commission." When asked in the 1988 General Appropriations Act to review 15 academic program contracts for consistency with the State University System Master Plan, the Board of Regents in its October 1988 report reiterated its position that contracts for the Edward Waters Upgrade, the Technological Research and Development Authority housed at FIT, and Nova University's undergraduate program are "not consistent with the SUS Master Plan as they were not appropriately reviewed and recommended for funding by the Commission."

During the current study, Dr. Van de Water recommended against the direct initiation of contracts with independent institutions by the Legislature without a Commission review. His report states that "the most important state policy question in this area is not Commission policies and procedures, but direct contracting from the Legislature to individual institutions without benefit of any formal review or follow-up. This practice puts politics above policy analysis and undercuts the purpose of the Commission."

Despite the questioning of this process by several groups, such projects continue to receive funding and increase in number. The Commission observed that there seems to be an increasing willingness on the part of the Legislature to fund projects at the request of an institution without any review by a State organization as to how that project fits into the overall educational development of the State. At the February 15th Commission meeting, a University of Miami representative testified that they did not realize that projects other than those academic contracts involving a tuition differential needed to come before the Commission.

Having considered these statements and the advice of the external consultant, the Commission believes that to ensure the efficient and economic utilization of State resources, all instructional, student services and research contracts with the independent sector need to be reviewed by the Commission prior to receiving legislative funding and being placed in budget entities of evaluation agencies.

In addition to a formal review and evaluation prior to funding, the Commission believes that the state-supported projects at independent institutions warrant a periodic evaluation by the state agency where the project has been placed as well as an external consultant to ensure that state interests in quality and economy are being met. Until these projects have been evaluated, the Commission believes that no increase in State support should be approved.

Recommendations:

9. **Section 240.147, Florida Statutes, should be amended to require that all proposals for state support of instructional or student services programs in independent institutions should first be reviewed by the Commission. In addition, any requests for funding of research projects at independent institutions not reviewed by another state entity should be reviewed by the Commission prior to receiving legislative funding and being included in an education budget entity.**

10. **The Legislature should require comprehensive annual reports which include quantified fiscal and programmatic data of all state-supported projects in independent institutions. These reports should be monitored by the state agency where the project has been placed following legislative funding. The Legislature should provide adequate resources and the authority for developing standards against which the performance of projects is to be measured. Projects which fail to meet minimum standards of quality should be visited by the agency. If deficiencies are not corrected, the state agency should recommend project termination to the Legislature.**

11. **Prior to the 1990 Legislature session, and on a five-year schedule thereafter, each education-related project at an independent institution which was directly funded by the Legislature should undergo a comprehensive evaluation by the state agency responsible for administering funds with the assistance of an out-of-state consultant. In order to be considered for continued or increased funding by the state, this comprehensive evaluation should address need for the program as well as program quality.**

Auditing State-Supported Contracts at Independent Institutions

Beyond the evaluation of meeting an unmet need in the State and of measuring program quality, the study addresses the additional concern of accountability for State funds. The Commission believes that auditing State programs and government entities, including all state-supported contracts with independent

institutions, is necessary to ensure financial compliance with the contractual agreement and laws regulating the use of State funds, as well as to determine State interest for materials, research, property acquired or developed by the state-supported program, or for revenue-generating activities of the state-supported program.

Recommendation:

12. **Contractual agreements for all state-supported academic and research projects at independent institutions should include a requirement for periodic audits by the Department of Education's Bureau of Auditing Services or an independent auditor in order to determine compliance with the terms of the State contract. An audit of contract programs at independent institutions should include determination of State interest for materials, research, property acquired or developed by the state-supported program, and for other revenue-generating activities of the state-supported program.**

I. INTRODUCTION

In proviso language accompanying Specific Appropriations 523 through 527 of the 1988 General Appropriations Act, the Postsecondary Education Planning Commission was directed to "review current policies and procedures related to State Board of Education academic contracts with independent postsecondary institutions. The review shall examine issues related to funding, identification of areas of need, evaluation of program quality, and procedures related to the reevaluation of existing contracts. The Commission shall submit a report and recommendations to the Legislature and State Board of Education by March 1, 1989."

To direct this study, the Commission Chairman created a Program Committee consisting of Commission members Robert Kerrigan, Chairman, Donald Kahn, Robert Mautz, Thomas McGehee, and Carolyn Wilson. The Committee held five public meetings at which time information was presented on existing and proposed academic program contracts which the Commission has reviewed and recommended, state-funded projects at independent institutions which were directly funded by the Legislature, cost comparisons of academic program contracts, and the contracting activities process with the independent sector utilized in other states.

This study of state-supported education contracts with independent institutions focuses on two types of contracts. The first type of education contract involves the submission of a proposal to the Commission for review and recommendation to the State Board of Education and Legislature, while the second type of educational contract is depicted by those projects which are directly appropriated by the Legislature without a formal review or recommendation process. In addition to these two types of education contracts, the First Accredited Medical School of the University of Miami has received funds annually from the Legislature since 1951 as required by Florida Statute.

State-supported education contracts with independent institutions in Florida have increased dramatically during the 1980s. For example, seven contracts totaling $9,696,300 were funded by the 1982 Legislature. The seven contracts included the First Accredited Medical School funded at $8,364,080, four contracts which were reviewed by the Commission and recommended to the State Board of Education and Legislature for a total of $932,220, and two legislature-initiated contracts for a total of $400,000. Six years later, 1988 Legislature funded 27 contracts for a total of $20,208,098. The 27 contracts included the First Accredited Medical School for $11,176,000, 12 contracts totaling $3,555,898 which were reviewed by the Commission and recommended to the Legislature, 12 contracts which were not reviewed by the Commission totaling $3,436,200 and SECOM and SECOPS contracts totaling $2,040,000. SECOM and SECOPS were created by the Legislature without a review or recommendation by the Commission or State Board of Education; however, as directed by the Legislature, each now receives an annual review by the Commission (SECOM since 1985 and SECOPS since 1988). Table 1 illustrates the magnitude of state-funded education projects at the institutional level.

TABLE 1

1988-89
STATE-FUNDED EDUCATION CONTRACTS WITH INDEPENDENT INSTITUTIONS

INSTITUTION	TOTAL EDUCATION CONTRACT DOLLARS	NUMBER OF EDUCATION CONTRACTS	
		PEPC RECOMMENDED AND REVIEWED	DIRECT LEGISLATIVE APPROPRIATION
University of Miami *	$4,909,477	7	6
Southeastern College of Osteopathic Medicine **	2,145,000	-	3
Florida Institute of Technology	853,079	2	2
Bethune-Cookman College	540,066	1	2
Barry University	244,226	1	-
Edward Waters College	250,000	-	1
Mt. Sinai Medical Center	90,250	1	-
TOTAL	$9,032,098	12	14

* Does not include the appropriation to the First Accredited Medical School ($11,176,000 in 1988-89)

** Although the Southeastern College of Osteopathic Medicine (SECOM) and the Southeastern College of Pharmaceutical Sciences (SECOPS) were created by the Legislature without Commission review, each now receives an annual review by the Commission (SECOM since 1985 and SECOPS since 1988).

This study examined several types and aspects of state-supported education contracts in Florida's independent institutions. Chapter II describes the policies and procedures developed and utilized by the Commission in the contract review and evaluation processes as well as a description of the academic program contract which the Commission has reviewed. Chapter III contains those education contracts with independent institutions funded through direct appropriation by the Legislature which have not been reviewed and recommended by the Commission. Information on contracting efforts in other states is contained in Chapter IV followed by the Commission's recommendations in Chapter V.

II. ACADEMIC PROGRAM CONTRACTS SUBJECT TO THE COMMISSION'S REVIEW

This chapter will describe the policies and procedures utilized by the Commission to evaluate and review academic program contracts. The initial proposal evaluation process and the annual and five-year reviews will be addressed. The chapter concludes with a description of the 12 existing academic program contracts subject to the Commission's review and the three additional contract proposals which are being recommended to the 1989 Legislature for funding in 1989-90.

The State of Florida has contracted with independent colleges and universities for the participation of Florida residents in selected academic programs at state tuition rates. This process was originally authorized by the Legislature in 1975. Funding for academic contract programs is one manifestation of the recognition by the State of Florida that all postsecondary education resources must be utilized to meet the educational needs of a rapidly growing state. The academic program contracting process is not primarily a form of assistance to independent institutions, but rather a means for the State to meet unfulfilled postsecondary education needs in an effective manner.

Between 1975 and 1981, authority for academic program contracting was held by the Board of Regents. During this period, only three academic program contracts with independent institutions were recommended to the Legislature for approval. In an attempt to expand contracting with independent institutions and to remove authority for this process from the public sector governing board, in 1981 the Florida Legislature transferred authority from the Board of Regents to the State Board of Education "to contract with (accredited) independent institutions...for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of postsecondary education" (S. 229.053(2)(o), F.S.). At that time, the Postsecondary Education Planning Commission was created and assigned responsibility to "recommend to the State Board of Education contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education" (S. 240,147(4), F.S.).

The authority for academic program contracts, according to State Board of Education Rule 6A-10.032, FAC:

> is based upon the principles of efficiency, effectiveness, and economy. The State Board may contract for a program or for the use of an existing facility if it can be demonstrated that the state need for the program or facility may be met at lower cost or more effectively through contracting. In all cases, the program or facility obtained through contract must be of equal quality as similar programs and facilities in the state system of postsecondary education.

To date, all contracts with independent institutions have been for programs and not for facilities. Although provided for in State Board of Education Rule 6A-10.032, FAC, the State Board has not had need to contract for the use of an existing facility at an independent institution. Should a proposal for

the use of facilities be received, the proposals would be based on the conditions set forth in the State Board of Education Rule. This rule requires that the facility be previously in existence and that contracting for the use of the facility meet state needs at lower cost or more effectively than the use of facilities available in the state system of postsecondary education.

Both the Master Plan for Florida Postsecondary Education and 1988 Master Plan Update recognize academic program contracting "as a cost-effective approach to meeting the State's needs and goals. Contracting should be recognized as a vehicle to make use of the highest quality programs as well as a means for economizing on state funds."

The Master Plan describes several advantages to the State which arise from the use of this process:

> It is economical in that, normally, a contract does not have to support fully the program but usually pays only the difference between private and public tuition and is tied to a specific number of students to be served. Thus the State is able to take advantage of the substantial past investment made by the independent institution to develop the program and the fact that the full cost of the program will still be covered largely by non-state sources. Contracting enables the State to respond promptly and effectively to needs. Moreover, the annual renewal condition of a contract allows the State to maintain flexibility to adjust levels of services to reflect changing volume of need or a more effective or efficient response from an alternate source. This needs-focused approach can provide financial incentives to encourage and make practical cooperative arrangements between public and independent institutions.

As envisioned by the Master Plan, statute and rule, the contracting process assures prudent expenditure of state monies for the provision of postsecondary education services and the utilization of a fuller range of the State's resources. Florida's citizens gain access to needed quality programs at competitive costs and at public tuition rates. The independent institutions involved in contracting benefit primarily from an increased pool of students who are better able, with state assistance, to afford to enter the selected contract programs.

When the State enters a contract with an established academic program at an independent institution to provide a needed educational opportunity, it takes advantage of the institution's prior investment and avoids duplicative start-up costs. By design, the student may pay no more tuition under a contract than at a comparable public sector program, so access is provided. For example, a student enrolled in an undergraduate engineering program at the University of Miami in 1987-88 paid more than $9,500 in tuition. Under the contract, a Florida resident enrolled in the same program paid approximately $1,100 per year.

Initial Proposal Review

The Commission, in accordance with statute and rule, conducts a detailed evaluation of each proposal for a contract submitted by an independent institution. The timeline for annual submission of proposals and staff review is as follows:

February-March	-	Proposal preparation and submission to the Commission
March-June	-	Commission staff review and assessment of proposal
July-August	-	Development of Commission recommendation and if affirmative inclusion in Department of Education budget request to State Board of Education
September-June	-	Review by the State Board, the Governor, and the Legislature
Subsequent July-September	-	Negotiation of contracts and initiation of programs funded by Legislature

The authority for academic program contracts is provided in Sections 229.053(2)(o) and 240.147(3), Florida Statutes. This authority is translated into policy in State Board of Education Rule 6A-10.032, Florida Administrative Code. The statutes and rules regarding contracting are contained in Appendix A. The rules are described in the "Policies and Procedures Manual" which was first adopted by the Commission in March 1982 (latest addition - Fall 1988). This document provides instructions and office procedures for consistent processing of contract proposals submitted to the Commission. A summary of the office procedures used to evaluate proposals follows:

1. **Acknowledgement**. Upon receipt of a valid contract proposal, the Postsecondary Education Planning Commission staff acknowledge receipt with a written response to the institution submitting the proposal. Proposals should be received by March 31 of each year to be considered for inclusion in the next budget request prepared by the State Board of Education.

2. **Notification**. Postsecondary coordinating and governing boards and other appropriate organizations which may have an interest in the proposed contract are provided with a copy of the contract proposal and requested to provide pertinent information.

3. **Information**. Information necessary to evaluate the proposal is gathered from appropriate boards and institutions, including the submitting institution, to assess need, demand, quality, cost, the status of similar existing or planned programs in the public sector, and other criteria as outlined in Rule 6A-10.032, FAC.

4. **Evaluation of Need**. The proposal and supplemental information are evaluated to determine the need for the proposed contract in terms of employer demand, student demand, and societal need. If need cannot be sufficiently demonstrated, the institution is notified and the proposal is submitted to the Commission with a staff recommendation that consideration be terminated.

5. **Quality Evaluation**. If need is demonstrated, the quality of the program is assessed, with the assistance of an external consultant(s). The program must meet reasonable standards of quality as determined by specialized accreditation, licensing or approval by relevant state boards, or consultant reviews as appropriate, and must be of comparable quality to similar public sector programs.

6. **Cost Comparisons**. The cost of the proposed contract is compared on a per semester credit hour basis with similar public sector programs. The cost of the contract represents the full cost to the State for the independent program. The cost to the State of the public sector programs is determined as the full cost per credit hour of instruction in comparable public sector programs as determined by knowledgeable professional budget specialists within the budget office of the appropriate division of the Florida Department of Education.

   In addition to these operating costs, those fixed capital outlay or start-up costs necessitated by expansion or creation of state programs, and start-up costs necessary to expand existing independent programs to provide the services of the contract are considered, if appropriate and necessary. In most cases, an adequate assessment may be determined on the basis of full cost per credit hour of instruction only.

   Costs to students, by definition, are the same in contract-supported and public sector programs.

   Costs to the institution are relevant to the evaluation only as they relate to the independent institution's commitment and ability to support and maintain the contract program.

7. **Consultant's Report**. The consultant's report is shared with the institution for comment and to verify that the information contained in the report is accurate. The institution is advised that the consultant's report is only one part of the documentation considered by Commission staff in formulating a recommendation.

8. **Staff Report and Recommendations**. Upon completion of the above assessments, including consultant visits and reports, a staff report evaluating the contract proposal and concluding with staff recommendations is written and presented to the Postsecondary Education Planning Commission. The staff report and recommendations are also submitted to the institution for comment.

9. **Commission Action**. The Postsecondary Education Planning Commission receives the staff report and recommendations and, upon majority vote, acts to accept, reject, or modify the recommendations, or defer consideration of the proposal.

10. **Transmittal to the State Board of Education**. Positive actions of the Commission are reported to the Commissioner of Education, in accordance with Rule 6A-10.032, FAC: "Based on the recommendation of the Commission, prior to contracting for a program, the Department shall include the contract program in its legislative budget request as a separate, identifiable item, subject to approval by the State Board."

11. **Notification of Action**. Notification of Postsecondary Education Planning Commission action on contract proposals is provided, in writing, to the independent institution which submitted the proposal.

To date, 12 academic program contracts have been funded by the Legislature and nine are in Southeast Florida. Since the Commission was assigned the responsibility for reviewing contract proposals in 1981, it has recommended that the State Board of Education enter into 12 contracts in addition to continuation of the three contracts recommended earlier by the Board of Regents. The Commission has received and recommended against funding over 20 additional proposals, primarily on the basis of lack of clearly demonstrated need. The proposals which were not recommended for funding are included in Table 2.

TABLE 2

ACADEMIC PROGRAM CONTRACT PROPOSALS NOT RECOMMENDED FOR FUNDING 1982-88

INSTITUTION	PROGRAM	DATE SUBMITTED/REJECTED
Jacksonville University	B.S. in Marine Science	(1) Received 1982 and Deferred (2) Received 4/84 Rejected 2/85 (3) Received 2/88 Rejected 6/88
Jacksonville University	B.A. in Foreign Language	(1) Received 1982 and Deferred (2) Received 5/85 Rejected 11/85
Nova University	Doctor in Business Administration	Received 1983 Withdrawn after Consultation

TABLE 2 (Continued)

ACADEMIC PROGRAM CONTRACT PROPOSALS
NOT RECOMMENDED FOR FUNDING
1982-88

INSTITUTION	PROGRAM	DATE SUBMITTED/REJECTED
Barry University	B.S. in Nursing (accelerated option)	(1) Received and Rejected 1983 (2) Received 1987 Deferred 9/87 Recommended 6/88
University of Miami	M.S. in Public Health	Received 3/83 Deferred--Developed into Cooperative Program with FIU
Barry University	Ph.D. in Social Work	(1) Received 3/83 Rejected 8/83 (2) Resubmitted 1986 Deferred in 1/87 & Rejected 6/88
University of Miami	B.S./Mechanical Engineering (Computer-aided design)	Received 3/83 Rejected 10/83
Edward Waters College	Accelerated A.S. in Accounting & Computer Information Systems	Received 4/83 Withdrawn after Consultation
Nova University	Doctor of Psychology	Received 6/83 Withdrawn 11/85
University of Miami	B.A., M.A., Ph.D. in Music	Received 9/84 Rejected 3/85
University of Miami	Architecture	Received 9/84 Rejected 3/85
Florida Memorial College	B.S. in Airway Science	Received 4/86 Rejected 1/87
Nova University	M.S. in Speech and Language Pathology	Received 3/87 Deferred 9/87
University of Miami	B.S. in Mechanical Engineering (HVAC Systems Option)	Received 2/88 Rejected 6/88
Jacksonville University	B.S. in Aviation Management and Aviation Management/ Flight Operations	Received 2/88 Rejected 9/88

Annual Review of Existing Contracts

Each year in June Commission staff conduct annual reviews to develop recommendations to the State Board of Education on the renewal of each academic program contract. A staff member of the Department of Education assists in this review process. During the annual review, each program is analyzed for continued compliance with the provisions of State Board of Education Rule 6A-10.032, FAC. Specific review criteria include:

- Unmet needs (student demand)
- Adequacy of resources
- Employer demand
- Specialized accreditation
- State subsidy (cost)
- Capability of nearby state institutions
- Consistency with the State Master Plan
- Equal educational opportunity
- Ratio of students enrolled under the contract to the number of graduates produced.

The major purpose of the annual reviews is to identify significant changes in the contract situation. In addition, funding level requests for the coming year are established. All programs are reviewed to ensure that adequate resources are being maintained, and that each program contract remains consistent with the Master Plan for Florida Postsecondary Education.

Cost information is obtained to verify that contract costs generally remain competitive with comparable public sector programs. It should be noted that the cost of the contract is the total cost to the State for these programs at independent institutions. In contrast, public sector operating cost data do not include significant capital outlay expenditures for facilities and major equipment purchases as well as other start-up costs which would be necessary to duplicate an existing independent program. Cost comparisons of academic program contracts with comparable public sector programs have been problematic. As a result of one recommendation in the Commission's 1985 Study of Graduate Education Programs and subsequent legislative action in 1986, and with the cooperation of the Board of Regents, the State University System has revised its cost accounting procedures to reflect full program cost and to include graduate program costs by level -- master's and doctorate. The benefit of these changes and their affect on making cost comparisons among programs will be examined in Chapter V.

The analysis conducted by Commission staff during the most recent on-site visit indicates that all contract programs utilize appropriate procedures for determination of residency status relevant to recent changes in Florida Statutes. This finding supports the Commission's 1986 study on Residency and Academic Program Contracts which concluded "the requirements and definitions used to classify students as Florida residents for participation in academic program contracts with independent postsecondary education institutions are exactly the same are those used to classify students as state residents for tuition purposes at state universities, and they are required to be so by State Board of Education Rule."

The participation of minority students is as high a priority for these state-supported contracts as it is with the public sector institutions directly supported by the State. Each year the number and percentage of minority and female students are reviewed and action taken, where appropriate, to try to enhance participation levels. The information on trends in minority participation for the past few years is included within the descriptions of individual contracts which follow. In general, minority participation in most contracted programs has remained relatively stable or has shown some increase. For the most part, minority participation in the state-supported contract programs with independent institutions is proportional to similar programs in the public sector.

Prior to 1986, recommendations for increases in funding for academic contract programs met with little success largely because they were based on projected tuition increases at both state universities and independent institutions. In 1986, the Commissioner of Education's Office worked at length with legislative and gubernatorial staff members, and with members of the Commission staff, to develop a procedure for establishing annual increases for contract funding that would be understandable and acceptable to all parties. The procedure used since the 1987-88 budget request involves an adjustment of the previous year's funding with the actual tuition increase to bring each contract to the credit hour level provided for in the appropriations bill. The Commission, having worked with the Commissioner of Education's Office in the development of this process, has supported this approach. Thus, each year's funding recommendation is now based on the actual tuition differential as opposed to a projected tuition differential between a state university and an independent institution.

Five-Year Review of Existing Contracts

In addition to annual reviews of existing academic program contracts, five-year reviews are required in statute. The five-year reviews began in 1987-88 and the four programs which have been in operation for five years or more were evaluated. The five-year reviews are coordinated by the Department of Education's Postsecondary Education Policy Unit with the support of Commission staff. The five-year review is more rigorous than the annual review, and thus similar to the initial proposal evaluation conducted by the Commission before a contract is recommended to the State Board of Education for approval. An out-of-state consultant with expertise in the specific discipline under review is hired to facilitate each evaluation.

The questions identified by the Department of Education to be considered in the five-year review are listed below:

- What unmet needs are being met by the program?
- Is there a need for the program to continue? Explain.
- Are services provided through the contract generally of lower cost or more cost effective than in a similar program in the State University System? Is the program cost effective?

- Has the emergence of certain factors occurred since the contract with the independent postsecondary education institution was entered into by the State which should prompt the State Board to not renew or seriously consider altering the terms of the contract? For example, are similar programs now offered in the geographic area by public universities? Does this represent warranted or unwarranted duplication?

- How does the program compare with other programs of its nature in the State? In the region? Elaborate on curricula, faculty, and on the adequacy of the facility in which the program is housed.

- How does the actual FTE for the program compare with figures contained in the written contract?

  During the course of the contract period, has the actual FTE enrollment fallen below the maximum FTE enrollment specified in the written contract? If so, when? What was the FTE count? Was the Department of Education notified? Are all students in the program Florida residents?

- How many students has the program served (year-to-year) since the contract was authorized? What percentage of students served represent minorities?

- What is the year-to-year placement rate of program graduates in Florida and outside of the state?

- Comment on the demand for graduates from the contract program. Are most graduates hired in the geographic area where the program is provided?

- Has the institution adhered to the terms of the approved written agreement with the Department of Education?

- Additional review indicators may be obtained from the criteria listed in Rule 6A-10.032, FAC. For example, an analysis of the specialized accreditation status and self-study report would be beneficial.

The four programs which participated in five-year reviews in 1987-1988 were:

University of Miami - B.S. in Electrical (Computer) Engineering
Florida Institute of Technology - B.S./M.S.in Engineering
Barry University - Master in Social Work
University of Miami - B.S. in Nursing

The results of the five-year reviews and the Department of Education's recommendations regarding continued funding for these four contracts were provided in Summer 1988 to the Commission and State Board of Education. In brief, the MSW program at Barry University was recommended for a decrease in the number of state-supported students beginning in 1990 since Florida International University's MSW program can accommodate more students. The

University of Miami's B.S. in Nursing program was recommended to continue at the current level of funding at least for one more year because of the Florida's current nursing shortage which is especially critical in Southeast Florida. Since engineers are needed in the space coast area of Florida, and the State University System has no duplicative program in the region, the engineering program at the Florida Institute of Technology in Melbourne was recommended for continued funding at the current level with a phase-out of the small master's level component.

In consideration of the electrical and computer engineering programs at Florida International University and Florida Atlantic University, a phase-out of the University of Miami's electrical (computer) engineering program was recommended. A three year phase-out period was planned to accommodate all students currently enrolled in the program through degree completion. SBER 6A-10.032(2)(c) states that "the State Board, subject to the appropriation of adequate funds by the Legislature and the recommendation of the Commission, shall provide each student once admitted into a contract program sufficient time to complete the program in full-time status." Thus, according to rule, a program can not be completely phased out until all students have had sufficient time to complete their degrees.

Two additional contract programs are scheduled for five-year reviews in 1988-89. These include industrial (manufacturing) engineering at the University of Miami and science education at the Florida Institute of Technology.

Summary of Existing Academic Program Contracts

Each of the 12 existing academic program contracts are described below. A summary chart which depicts the funding history for each academic program contract is contained in Table 3 on page 22.

Florida Institute of Technology - BS/MS in Engineering

The engineering contract at the Florida Institute of Technology includes computer, electrical, mechanical and ocean engineering. The FIT contract supports the only accredited engineering program in East Central Florida, although the University of Central Florida offers selected engineering courses at the Lifelong Learning Center in Cocoa. Although the contract includes both the baccalaureate and master level programs, the vast majority of state funds supports undergraduate students. All programs under contract are accredited by the Accreditation Board for Engineering and Technology (ABET) through 1989.

Employer demand for engineering students, particularly in the fields of electrical and computer engineering, is strong. The National Science Foundation reports a national shortage of electrical engineers (10%) and computer engineers (9%). The Florida Department of Labor and Employment Security projects annual openings for 997 electrical and 317 mechanical engineers statewide between 1989 and 1994, and for 397 electrical and 99 mechanical engineers in East Central Florida.

Of the 22 contract-supported engineering students who graduated in 1987, ten (42%) are employed in Brevard County, four (17%) are employed elsewhere in

Florida and three (12%) are in graduate school. Although 14 percent of the contract-supported students represent minority groups, only one currently enrolled student is black. The percentage of female students in Spring 1988 was 14 percent.

The five-year review of the FIT's engineering contract program was conducted in April 1988 by staff of the Department of Education and the Postsecondary Education Planning Commission with the assistance of an expert consultant in engineering. The consultant concluded that the B.S. programs in computer, electrical, and mechanical engineering under contract at FIT appear to be well-operated, are serving unmet needs, and should be continued. The consultant recommended that the M.S. program support of 1.5 FTE be phased-out. The consultant further recommended the inclusion of chemical, civil and environmental engineering at the undergraduate level in contract options without increasing the level of support.

This contract program was first funded at $124,000 in 1981-82. The 1988 Legislature funded the program for 120 FTE students (5,760 quarter credit hours) for $512,293 in 1988-89.

Florida Institute of Technology - Science Education

This baccalaureate program contract utilizes the unique resources of an independent postsecondary institution to address Florida's critical need for mathematics and science teachers. The supply of graduates from all Florida teacher education programs is significantly lower than demand. For instance, the Florida Department of Education projects a need for 520 new mathematics teachers and 575 new science teachers in 1988-89. The supply of graduates from all Florida education programs is significantly lower than the demand (164 math teachers and 116 science teachers in 1987-88). Therefore, Florida graduates represent only 24 percent of the need for science education and 37 percent of the need for mathematics education.

This state contract with Florida Institute of Technology has attracted numerous highly qualified students to the field of mathematics and science education. The mean SAT score of program participants in 1987-88 was 1064. Twenty contract-supported students graduated from this program between 1985 and spring 1988. Of these 20 graduates, 13 are teaching in Florida. The ratio of graduates to total enrollment (freshmen through seniors) has fluctuated between 20 and 25 percent for the past three years. Most of the contract participants are female. For several years, the institution has made strong attempts to recruit minority candidates; however, prior to 1988-89, no minority students enrolled in the science education program at FIT either with or without contract support. It is important to note that the lack of minority participation is characteristic of science education programs throughout Florida. As of September 1988, two black candidates are being supported in FIT's full scholarship program for Florida black students enrolled in the science or mathematics teaching program.

This program contract was first funded in 1983-84 for $35,568. The 1988 Legislature funded the program for 27 FTE students (1,296 quarter credit hours) at $109,586 for 1988-89. A five-year review of this program will occur in 1988-89.

University of Miami - Electrical (Computer) Engineering

The bachelor of science contract in electrical (computer) engineering was initiated at the University of Miami in 1981-82 and funded for $140,000 at the upper division level. The 1988 Legislature funded this program for 80 FTE students (2,400 SCH) at $613,184 for 1988-89.

Throughout the duration of this contract, employer demand has remained strong. In 1986, the National Science Foundation reported a computer engineering shortage of nine percent. Although the Florida Department of Labor and Employment Security does not report separate statistics for computer engineers, average annual openings for electrical engineers for the 1989-94 period in Southeast Florida are projected as 262 (997 statewide). This represents a five-year increase of 23 percent in Southeast Florida.

The 1987-88 electrical computer program undergraduate enrollment at the University of Miami was 489 of which 80 FTE students were supported by the contract. Of the 27 graduates of this program in 1987, thirteen are employed in-field in Florida and three are in graduate school. Of the 73 students who were supported by the contract in Spring 1988, fifteen were female (21%), 35 were Hispanic (48%), and eight were Asian/Pacific Islanders (11%).

At the time the contract was initiated, the University of Miami had the only accredited electrical engineering program with a computer option at the baccalaureate level in Southeast Florida. In the intervening years, Florida International University and Florida Atlantic University have developed similar B.S. programs. All three of the institutions are accredited by the Accreditation Board for Engineering and Technology (ABET). The five-year review of the University of Miami's electrical engineering contract program conducted in April 1988 included review of documentation and on-site visits to the electrical engineering programs at all three institutions.

Although the five-year review of the contract program at the University of Miami indicated the B.S. electrical computer engineering program to be well operated and continuing to improve, the staff of the Department of Education and Commission and the consultant concur that it is not cost effective for the State to continue funding the contract in light of the programs now available at Florida International University and Florida Atlantic University. The Department of Education and the Commission have recommended a gradual phase-out of this contract to be completed by 1991-92.

University of Miami - Industrial (Manufacturing) Engineering (B.S.)

This program began in 1983-84 under contract with the State Board of Education for $97,000. As a two-year upper division program, this contract was initiated with the intention of phased-in funding. However, funding for the second year students was delayed until the 1987 Legislative session.

This program is accredited by the Accreditation Board of Engineering and Technology (ABET) through 1991. At the time of initiation, it was the only accredited industrial (manufacturing) engineering program in Southeast Florida, however, the newly implemented program at Florida International University received accreditation in Fall 1988. The possible duplication of

this contract and Florida International University's program will be analyzed during the five-year review scheduled for this year.

Employer demand is strong for industrial engineering, particularly for the manufacturing option. State support has provided an important and a major attraction to the manufacturing option. The Florida Department of Labor and Employment Security projects average annual openings for industrial engineers in Southeast Florida from 1989-1994 to be 58, and 189 statewide. The projected five-year increase in employment of industrial engineers in Southeast Florida is 19 percent. The university's placement data also support strong local demand indicated in part by graduates readily obtaining employment.

Minority and female participation remains high in the program. Of the 33 students supported by the contract in Spring 1988, nine were female, 14 were Hispanic and three were black. In addition, two new black students have been admitted to the program for Fall 1988. Of great importance in the area of minority recruitment and retention was the addition of the department's first female and black faculty members who are active in student advisement and recruitment activities. Of the four contract-supported students who graduated in 1986-87, three are employed in Florida. Seven students graduated in 1987-88 out of the 35 part and full-time students enrolled.

The 1988 Legislature funded the program at $230,083 for 30 FTE students (900 SCH) for 1988-89.

University of Miami - Biomedical Engineering (M.S.)

The University of Miami's program in biomedical engineering is the only one of its kind in the State of Florida. Although Florida International University has expressed interest in the field of biotechnology, it has no plans to develop a biomedical engineering program. The University of Miami is expanding the Department of Biomedical Engineering with additional research space and an endowed faculty chair. In addition, plans have been formulated to offer a special honors undergraduate program leading to a B.S. in engineering with special emphasis in biomedical engineering. Since specialized accreditation of master degree programs in biomedical engineering is uncommon, it is not a factor for this contract.

Employer demand for graduates remains strong, particularly in Southeast Florida where there are 36 firms which employ biomedical engineers. Several corporations support internships and assistantship programs and local hiring of graduates has remained at a high level. Three contract-supported students graduated during 1987-88. Of these, two are employed in Southeast Florida and one is a doctoral student at the University of Miami. Of the 15 students supported by the contract in Fall 1987, five are members of minority groups (Hispanic and Asian) and four are female. The contract supported one black student in 1984-85 and 1985-86; however, no black students have been in the program either with or without contract support since that time.

This master's level contract was initiated in 1984-85 for five, first-year master's students with phased-in funding the second year for an additional five students. The second year of the phase-in was fully funded by the 1987

Legislature for ten FTE students. The 1988 Legislature appropriated $113,478 to support 12 FTE students (360 SCH) in 1988-89.

University of Miami - Bachelor of Science in Nursing

The University of Miami has received funding for the Bachelor of Science in Nursing (BSN) program since 1979-80 to provide contract support for registered nurses desiring to complete the baccalaureate degree through the RN-to-BSN option. During the early contract years, the University of Miami was the only institution with the RN transition option. This program is state approved and fully accredited by the National League for Nursing (NLN). Since the contract's inception, similar RN-to-BSN programs have developed in Southeast Florida at Florida International University and Florida Atlantic University.

The Commission's 1988 report, Nursing Education in Florida, documented the existing shortage of registered nurses in the State and the continuing need in Southeast Florida. However, the RN transition option does not produce new registered nurses, but raises skills of employed nurses.

Based on a survey of RN Transition Program graduates from 1983-87, 44.1 percent are employed as staff nurses, 41.5 percent are employed in managerial, administrative, educative, and expanded clinical roles, and 4.5 percent are employed in community health. Of the 1987-88 contract-supported graduates, nearly 100 percent are employed in nursing positions in south Florida.

Enrollment demographics in the contract program for the Summer 1988 semester included 37 full-time, 19 part-time and seven pre-masters institute RNs. During Summer 1988, 36 percent of contract-supported students were minority students (9 black, 10 Hispanic and 1 Asian).

A five-year review of this program was conducted by the staff from the Department of Education and Postsecondary Education Planning Commission with the assistance of an expert consultant in nursing. The review included the BSN programs at the University of Miami, Florida International University and Florida Atlantic University. Although the University of Miami's RN-to-BSN program quality was rated highly, enrollment has decreased and some contract funds were returned to the State. Enrollment patterns will be monitored in annual reviews.

The 1988 Legislature funded the University of Miami program for 60 FTE students (1,800 SCH) at $460,673 for 1988-89. The Commission recommended in September 1988 that the program remain at 60 FTE for at least one more year (1989-90).

University of Miami - Master of Science in Nursing (MSN)

This is currently the only accredited MSN program in Southeast Florida, however, Barry University has developed an administratively-oriented program which is not yet accredited. Barry University is also beginning an additional MSN track in primary care. In addition, Florida Atlantic University began to admit students into its newly created master of science in nursing program in Fall 1988.

Employer demand for MSN graduates reportedly remains high although no state figures are available for a nursing program at this level. A telephone survey conducted by the University of Miami of a sample of employers revealed that demand continues to exist for MSN prepared nurses in Southeast Florida. Local hospitals continue to provide incentive to selected BSN nurses to pursue the MSN through tuition reimbursement plans. Thus, many graduates are committed to employers at the time of enrollment and are fulfilling a need by completing the advance degree program. At least 95 percent of the 31 contract students who graduated in Spring and Summer 1988 are working in Southeast Florida.

Student demand for the program remains strong. There have been 205 graduates of the MSN program since 1977 and most of these graduates are practicing in Southeast Florida as teachers, administrators, and as clinical specialists. The program provides for part-time study and evening classes to accommodate baccalaureate-prepared nurses who enroll in the MSN program and require employment as practicing nurses to attend.

Of the 71 students supported by the contract in Spring 1988, 68 are female and 17 percent are members of minority groups (2 black, 7 Hispanic and 3 other). This represents a decrease from 23 percent minority participation since 1985-86.

This program contract first received state funding in 1985-86. The 1988-89 support for 40 FTE students (1,200 SCH) is $378,259.

University of Miami - Ph.D. in Basic Medical Sciences

The students in this Ph.D. program study to be researchers and faculty members in the medical sciences, not practicing physicians. Specialized accreditation is not applicable to medical Ph.D. programs such as this, however, the medical school is accredited by the Liaison Committee on Medical Education (LCME) of the American Medical Association.

Employer demand for doctoral students is difficult to quantify, but local employers have expressed strong support for this program. According to institutional reports one local employer moved out of the state and another imports numerous Ph.D. graduates because the local supply is insufficient. Since the program is four years in duration, no graduates may be expected until 1989. All contract-supported students are making good academic progress.

In Fall 1987 female participation in the program was 70 percent, and although minority participation is 22 percent, none of the 23 students were black. Although the institution attempts to recruit black applicants, only one has applied since the inception of the contract program and this student has since been placed on probational status due to low grades.

The contract program is funded on the basis of full cost of instruction. The state contract was initiated in 1985-86 at $100,000. The 1988 Legislature funded the program contract for 16 FTE students (384 SCH) at $457,596 for 1988-89.

University of Miami - Ph.D. in Marine and Atmospheric Sciences (Rosentiel School)

The University of Miami's Rosentiel School is the third largest marine and atmospheric sciences institute in the country and the Ph.D. program is of exceptionally high quality. The State of Florida maintains doctoral programs in marine and atmospheric sciences at Florida State University and the University of South Florida. This program contract was initially funded by the 1985 Legislature for $150,000.

Quantifiable employer demand data are rarely available for a program of this nature. Anecdotal reports, however, indicate that the Institute of Naval Oceanography expects manpower shortages in physical oceanography. In addition, new initiatives in atmospheric chemistry will provide expanded need in that field for trained scientists.

Student demand for contract support has far exceeded available funding. For example in Fall 1986, 20 qualified Florida residents applied for the limited contract support available to only three new students. In 1987-88 approximately 15 percent of total student enrollment were supported by the state contract. Of the five contract-supported graduates of this program, three are working in Southeast Florida.

In 1987-88 female participation in this program was 46 percent and approximately 12 percent were Asian and Hispanic minority students. Despite significant recruiting efforts to attract minority students, no blacks have applied for admission in Fall 1986 or Fall 1987.

Funding for this program is also based on the full cost of instruction. The 1988 Legislature appropriated $306,204 to support eight FTE students (192 SCH) for 1988-89.

Barry University - Master of Social Work

The Master of Social Work (MSW) contract was initiated in 1979 for $62,126 in response to the region's increasing number of elderly persons, children in high-risk situations, and refugees needing services provided by social workers. Until recently, Barry University offered the only accredited MSW program in Southeast Florida. Accredited by the Council on Social Work Education (CSWE), Barry University's program focuses on direct service to clients or clinical social work. In 1986 Florida International University received accreditation from CSWE for its MSW program which focuses on administration of social work.

The Federal Bureau of Labor Statistics projects a growth rate in social service jobs of more than 40 percent from 1978-1990. In addition, a March 1986 study of the Florida Department of Health and Rehabilitative Services calls for increased professionalization and training of public social workers.

Student demand is steady and Florida residents in the program exceed the capacity of the contract which currently provides support for approximately 25 percent of the Florida residents in the MSW program. Barry University surveys consistently show that Barry MSW graduates are employed quickly, they

overwhelmingly remain in Florida, and a vast majority of them are employed in direct service positions. In Fall 1987 minority students represented 25 percent of the Barry student body and 43 percent of the contract recipients (19 percent black, 24 percent Hispanic).

A five-year review of Barry University's MSW program was conducted in May 1988 by staff from the Department of Education and the Postsecondary Education Planning Commission who were assisted by an out-of-state social work consultant. The MSW program at Florida International University was also evaluated. The consultant reported that Barry's program is well managed, of high quality, and offers a carefully designed curriculum for the training of advanced, direct-service social work practitioners. However, since the MSW program at Florida International University is also of high quality and in close proximity to the students served by Barry, the Department of Education recommended reducing the level of contract support. The Commission recommended support at 50 FTE in 1989-90 and a reduction to 35 FTE in 1990-91. This reduction would be monitored through the annual review process.

The 1988 Legislature funded the program for $244,226 for 1988-89.

Mt. Sinai Medical Center - Radiologic Technology

Radiologic technology at Mt. Sinai includes the three programs of diagnostic radiology, nuclear medicine technology, and ultrasound. The ultrasound component is not yet accredited and thus, no contract students have been supported in this program to date. Specialized accreditation has been awarded by the American Medical Association's Committee on Allied Health Education and Accreditation (CAHEA) for diagnostic radiography through Fall 1988 and nuclear medicine technology through 1990.

Employer demand for radiologic technicians and for nuclear medicine technologists is strong. The Florida Department of Labor and Employment Security projects a 14 percent growth in employer demand for radiologic technologists between 1989 and 1994. Most graduates are placed immediately in local hospitals and clinics.

Twenty-nine students participated in the contract in 1987-88. Of the 1987-88 students in all programs, 59 percent are female and 44 percent are members of minority groups. Of the 11 graduates in diagnostic radiography who have been supported by the contract, nine found employment in Dade County immediately. Approximately 75 percent of the graduates in nuclear medicine technology since the contract's inception are employed in the Miami area.

This contract program is fully funded since it is offered to students at a cost less than that of comparable public sector programs. This program contract was first funded in 1984-85 for $95,000. The 1988 Legislature appropriated $90,250 to support 40 FTE students (1,200 SCH) for 1988-89; $78,960 is being requested for 1989-90.

Bethune-Cookman College - Medical Technology

Bethune-Cookman College is the primary source of medical technologists for the east central region of the State. The University of Central Florida does not

plan to offer a medical technology program in the same geographic area. The medical technology program at Bethune-Cookman College was fully accredited in April 1985 for five years by the American Medical Association's Committee on Allied Health Education and Accreditation (CAHEA).

Employer demand for graduates of this program remains high. Hospital laboratories in Volusia County report 15 to 20 openings for medical technologists per year. In addition, several physicians' offices, clinics, and an independent reference laboratory in the Daytona Beach area also employ medical technologists. The Florida Department of Labor and Employment Security projects an increase in demand of 16 percent for medical technologists in the Volusia and Flagler Counties between 1989 and 1994.

Student demand for medical technology programs reportedly has diminished, presumably in part as a result of concern over the possibility of contracting acquired immune deficiency syndrome (AIDS). The college has not been able to enroll a full complement of qualified students under the contract. For Spring 1988, three of the nine students in the program were supported by the contract. The majority of students in this program contract have been black and female.

This program contract was first funded in 1985-86. The 1988 Legislature funded the program for 20 FTE students (680 SCH) at $40,066 for 1988-89. The Commission recommended a reduction to $28,940 in 1989-90 because of a continued decline in enrollment.

Academic Program Contracts Recommended for 1989-90 Funding

Three additional academic program proposals have been evaluated and recommended to the State Board of Education and Legislature for funding in 1989-90 by the Commission. These are described in the sections which follow.

Florida Southern College - Elementary/Early Childhood Education

In March 1988 Florida Southern College submitted a proposal to the Commission for an academic program contract in elementary/early childhood education at the undergraduate level. The proposal was revised in August 1988 to request funding for the junior and senior years. The proposed contract starting date is September 1989.

Data supporting the need for additional teachers in Florida were gathered from Teacher Supply and Demand in Florida: Sixth Annual Report, 1987. This report projected a shortage of elementary education teachers trained in Florida through the year 2000. Florida Southern College offers the only elementary education program in the tri-county area of Polk, Hardee, and Highlands. A survey of area residents conducted by the University of South Florida in 1982 found that teacher education was a frequently requested major. This interest in teacher education and specifically in elementary education was reinforced by a survey conducted in 1986 by USF. The University of South Florida does not plan to develop an elementary education program at the USF Lakeland Campus.

TABLE 3

APPROPRIATIONS FOR STATE-SUPPORTED ACADEMIC PROGRAM CONTRACTS AT INDEPENDENT POSTSECONDARY INSTITUTIONS SUBJECT TO REVIEW BY THE COMMISSION

CONTRACT	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
FIT-BS & MS ENGINEERING			$124,000	$248,000	$316,948	$325,759	$325,759	$325,759	$511,796	$512,293
FIT-SCIENCE EDUCATION					$35,568	$76,176	$76,176	$76,176	$115,354	$109,586
UM BS/ELECTRICAL (COMPUTER) ENGINEERING			$140,000	$270,000	$375,627	$386,069	$386,069	$386,069	$595,513	$613,184
UM BS/INDUSTRIAL (MANUFACTURING) ENGINEERING					$97,000	$99,697	$99,697	$99,697	$220,530	$230,083
UM MS/BIOMEDICAL ENGINEERING						$40,680	$40,680	$40,680	$107,242	$113,478
UM-BS/NURSING	$200,000	$200,000	$200,000	$200,000	$294,918	$323,604	$323,604	$323,604	$430,948	$460,673
UM-MS/NURSING							$350,400	$350,400	$357,469	$378,259
UM PhD/BIOMEDICAL SCIENCES							$100,000	$150,000	$276,200	$457,596
UM-PhD/MARINE & ATMOSPHERIC SCIENCES (Rosentiel School)							$150,000	$225,000	$323,691	$306,204
BU-MSW/SOCIAL WORK	$62,126	$147,800	$204,019	$214,220	$206,648	$212,393	$212,393	$212,393	$234,120	$244,226
MT. SINAI-RADIOLOGIC TECHNOLOGY						$95,000	$95,000	$95,000	$95,000	$90,250
BCC-MEDICAL TECHNOLOGY							$80,000	$40,000	$40,066	$40,066
TOTAL APPROPRIATION	$262,126	$347,800	$668,019	$932,220	$1,326,709	$1,559,378	$2,239,778	$2,324,778	$3,307,929	$3,555,898
TOTAL NUMBER OF PROJECTS	2	2	4	4	6	8	12	12	12	12

In the past five years, students in the Florida Southern College elementary/early childhood teacher education program have passed the Florida Teacher Certification Examination at a rate better than 99 percent. One hundred percent of the 84 students from the early childhood/elementary education program passed the Beginning Teacher Program's performance evaluation. Estimates indicate that 80-90 percent of Florida Southern College graduates are placed in Florida teaching positions, with approximately 40 percent placed in the local area.

An out-of-state consultant in teacher education assisted with the review of Florida Southern College's contract proposal. The consultant concluded that the proposed contract with Florida Southern College provides a way to meet the need for elementary and early childhood teachers in the tri-county region without sacrificing quality in the preparation of such teachers. The reasons which the consultant provided to support this recommendation are: (1) the programs are well-established and fully approved which eliminates start-up cost; (2) the graduates from the college have performed well on state measures of knowledge and performance which are mandatory for certification and employment; (3) the need is justified and FSC's placement records are impressive; and (4) the programs proposed in the contract are sound and reflect best practice and careful attention to current knowledge about teaching and teacher education.

In September 1988 the Commission recommended approval of the proposed contract to support 40 FTE students for $88,163 in 1989-90 and 80 FTE students for $176,326 in 1990-91 (using current tuition differential rates). The Commission recommended contract funds be limited to support coursework in teacher education and priority in the selection of contract recipients be given to minority applicants.

Barry University - Bachelor of Science in Nursing (Accelerated Option)

In May 1987 Barry University submitted a contract proposal for students in the School of Nursing accelerated option track leading to a Bachelor of Science degree. Commission consideration of this proposal was delayed pending completion of the Nursing Education in Florida report. The proposal was reviewed in the Spring of 1988 by Commission staff and an out-of-state consultant in the field of nursing. The accelerated option is designed to increase the number of qualified nurses by enrolling students, who hold baccalaureate degrees in non-nursing fields, into a one-year, 55 credit hour program in preparation for the registered nurse licensure examination. The accelerated option is an unusual alternative, and only four programs exist in the nation at the baccalaureate level (no other in Florida). Barry University's nursing program is accredited by the National League for Nursing.

The recently completed Commission report, Nursing Education in Florida, addressed the strong need for nurses throughout the State, and in particular, the high demand for RNs in Southeast Florida. Hospital representatives and nursing faculty in Dade and Broward Counties confirmed that high RN vacancy rates persist despite intense recruiting efforts by hospitals and other agencies employing nurses.

Although the level of demand for an accelerated program is difficult to gauge, the consultant found that the demand is adequate to support the accelerated option track and that demand would increase with contract support. Institutional reports show that of the 46 graduates of the accelerated option track, 31 (67 percent) have remained in Florida. Graduates are employed primarily in nursing positions in such areas as intensive care/coronary care units, medical/surgical units, and pediatrics.

It is the belief of the Commission that the accelerated option track at Barry University is an innovative initiative that responds to current nursing manpower supply needs as well as to recommendations in the Commission's Nursing Education in Florida report. In June 1988 the Commission recommended approval of the proposed contract at $233,640 in 1989-90 to support 20 FTE students (1,100 SCH) above the current level of six full-time Florida residents enrolled.

University of Miami - Architectural Engineering (B.S.)

In December 1985, the Commission recommended approval of an architectural engineering (B.S.) program at the University of Miami at the initial level of ten FTE students with an increase to 20 FTE during the second year. The contract was recommended to the State Board of Education and Legislature with the recommendation that funding for the initiation of this program should be a lower priority than full funding of existing contract programs. The 1987 Legislature did fund existing contracts at the level recommended by the Commission, but the architectural engineering program was not funded by either the 1987 or 1988 Legislature. Now that full funding has been granted to existing programs, the Commission recommends that the State Board place a high priority on funding for the architectural engineering program during the 1989 legislative session.

The baccalaureate program for architectural engineering at the University of Miami is the only one of its kind in Florida. This program, which is accredited by the Accreditation Board for Engineering and Technology (ABET), fills a particularly strong need for architectural engineering graduates in Florida created by the large amount of construction in the State and the risk of construction failures. Surveyed Florida employers reported a need for architectural engineers based on the perception that they are superior in minimizing construction failure risks.

As the only such program in Florida and one of the few in the nation, the University of Miami has graduated about 30 architectural engineers over the past few years. According to available placement information for the past several years, 134 of 218 graduates (61 percent) reside in the State.

In December 1985, the Commission recommended approval of the proposed contract to support 10 FTE students (300 SCH) with an increase to 20 FTE during the second year. The total cost to the State for 10 FTE in 1989-90 is $93,720.

III. STATE-SUPPORTED PROJECTS AT INDEPENDENT POSTSECONDARY INSTITUTIONS NOT REVIEWED BY THE COMMISSION

This chapter will address state-supported education projects at independent institutions in Florida which were created outside the review of the Commission. The processes by which these contracts are funded and administered will be presented. The chapter concludes with a description of 11 education projects at independent institutions which have not been reviewed by the Commission, and two additional contracts created without the Commission's review or recommendation but which now are required to be reviewed annually by the Commission.

Although the Commission has been charged in statute with recommending academic program contracts with independent institutions to the State Board of Education since 1981, some projects at independent institutions which have received State funding in recent years have not been reviewed by the Commission or recommended to the Legislature for funding through the processes established by the State Board of Education and Commission. State support for these projects has been initiated by direct legislative appropriation without the preparation of a proposal by the independent institution or a formal review and evaluation process. Once funds are appropriated by the Legislature to support these projects, they are placed either in the budget entities of the Board of Regents or the Department of Education.

Funding for contracts of this type is not based on a tuition differential of cost per credit hour as with the academic program contracts recommended by the Commission. Instead, funding is based on a budget submitted by the institution to support salaries, equipment, supplies, travel, scholarships or general administrative costs of the given project. The institution receives appropriated funds by means of contracting with the Board of Regents or Department of Education.

Another difference between the contracts currently under the Commission's review and those described in this chapter is the amount of tuition paid by students in the contract programs. Under the provisions of SBER 6A-10.032, students in academic program contracts pay state tuition rates, whereas students in the state-supported projects described in this chapter pay the regular tuition rate set by the independent institution.

The submission of annual year-end and fiscal reports, and institutional plans for the following year, are required of the independent institution by the state agency, but the state office does not conduct an on-site program review. The State has contractual authority to terminate the contract if it determines nonperformance or inadequate performance of activities. Performance is monitored through the review of year-end and fiscal reports for the Board of Regents and through the review of year-end, fiscal, and mid-year progress reports for the Department of Education. Monitoring information specific to the Board of Regents and the Department of Education is described in the following sections.

The primary focus of these projects is either instructional or research and development. Although the Board of Regents and the Department of Education have both types of projects, the projects administered by the Board of Regents

focus more on research and development efforts and the projects administered by the Department of Education are more student-oriented.

The state-supported projects with independent institutions (within the budget entities of the Board of Regents and the Department of Education) which did not receive a Commission review nor recommendation before they were created by the Legislature have increased from three projects and $8,764,080 in 1982-83 to 11 projects and $14,262,200 in 1988-89. By far, the largest single appropriation is for the First Accredited Medical School at the University of Miami which was appropriated $11,176,000 by the 1988 Legislature.

In addition to the 11 projects noted above, the State appropriated $1,788,000 in 1988-89 to the Southeastern College of Osteopathic Medicine (SECOM), $252,000 to the Southeastern College of Pharmaceutical Sciences (SECOPS), $200,000 to FIT-Solar Energy (created prior to the Commission), and $150,000 to the University of Miami Southeastern Florida Affiliated Program in Public Health for a total of 15 projects and $16,652,200. Summaries of the SECOM and SECOPS projects are provided at the end of this chapter. None of these projects were reviewed or recommended by the Commission before they were created by the Legislature; nor are they reviewed annually by the Commission with two exceptions. SECOM has been reviewed by the Commission each year since 1985 and the Board of Regents is charged with making the budget request to support the project. In addition, the 1988 Appropriations Act directed the Commission to review SECOPS. The SECOPS review precedes the submission of a budget request by the Board of Regents.

Also, not included in this chapter is information on the cooperative master in public health (MPH) program between the University of Miami and Florida International University. Through this project, the University of Miami receives $150,000 each year for student support.

This chapter describes projects which received funding in 1988-89. In years prior to 1988, the Legislature appropriated funds to a number of other projects which did not receive an initial evaluation by the Commission. For example, the University of Miami received $225,000 from the 1986 Legislature for a Dropout Prevention Center and $30,000 in 1987-88 for the Family School Research project. In 1987 Nova University received $980,000 from the Legislature, but in 1988 the Governor vetoed Nova's legislative appropriation of $1,834,551. The Department of Education's 1989 legislative budget request once again includes $1.8 million for Nova University.

The above projects are within the budgets of state education agencies and do not include projects at independent institutions funded through other state agencies such as the Department of Health and Rehabilitative Services or the Department of Insurance. For example, the Department of Health and Rehabilitative Services (HRS) contracted for services with state universities and community colleges for $28,318,633 and with independent institutions for $11,911,329 in 1987-88. In 1988-89 HRS contracted for services with state universities and community colleges for $26,760,399 and with independent institutions for $11,167,943. As another example, the 1988 Legislature appropriated $240,000 for a health project at the University of Miami School of Medicine to be administered by the Department of Epidemiology of the Division of Preventive Medicine. This state contract between the University

of Miami and the Division of State Fire Marshall of the Department of Insurance provides health instruction to emergency service personnel.

The Board of Regents has taken the position that State appropriations to independent institutions as described in this chapter should first be reviewed and recommended by the Commission. The State University System of Florida Master Plan 1988-89 through 1992-93 recommends "that state assistance to independent colleges and universities, other than financial aid and tuition vouchers, be provided only for those programs which have been appropriately reviewed and recommended for funding by the Postsecondary Education Planning Commission."

Table 4 lists the projects funded through the 1988 General Appropriations Act which are addressed in this chapter. A summary of each project as well as summaries of the SECOM and SECOPS projects follow. Table 5 at the end of the chapter depicts the funding history for each project.

TABLE 4

STATE-SUPPORTED PROJECTS AT INDEPENDENT POSTSECONDARY INSTITUTIONS IN FLORIDA
1988-1989

Name of Project and Year First Authorized	Primary Focus	1988 Appropriation
A. Board of Regents Projects		
1. SECOM Public Sector Urban, Rural and Unmet Needs Program (1985)	Instructional	$ 105,000
2. University of Miami Spinal Cord Research (1987)	Research and Development	250,000
3. University of Miami Medical Training Simulation Lab (1987)	Research and Development	750,000
4. University of Miami Epidemiology Program (1988)	Instructional, Research and Development	500,000
5. University of Miami Geriatric Education (1988)	Instructional	500,000
6. University of Miami First Accredited Medical School (1951)	Instructional, Research and Development	11,176,000
B. Department of Education Projects		
1. University of Miami Minority Students Health Careers Motivation Program (1984)	Instructional	200,000
2. Edward Waters College Test-Taking Skills and Proficiencies of Students Program (Upgrade) (1985)	Instructional	250,000
3. Bethune-Cookman College Challenger Program (1986)	Instructional	250,000
4. Bethune-Cookman College Teacher Education Institute (1986)	Instructional	250,000
5. Technical Research and Development Authority (1988) *	Research and Development	31,200
	TOTAL	**$14,262,200**

*TRDA is an independent agency housed at FIT.

A. Board of Regents Projects

The procedures established by the Board of Regents Office of Health Affairs for independent institutions to receive appropriated funds include the submission of a project description and a budget presenting anticipated expenditures by activity. Upon receipt of the project description and budget, the Board of Regents forwards a contract to be signed by the independent institution. As specified in the contract, the independent institution will submit a year-end report of the project accomplishments and a year-end fiscal report. State funds are released to the independent institutions on a quarterly basis. State funds support portions of the following projects, not their entirety.

Summary of Board of Regents Projects

1. Southeastern College of Osteopathic Medicine (SECOM) Public Sector Urban, Rural and Unmet Needs Program

a. Year and amount of initial funding - 1985-86 for $70,000
b. Level of funding for FY 1988-89 - $105,000
c. Goals of the program
   - To supplement the rural medicine program of SECOM to insure that every student is able to have at least one month's rural rotation.
   - To assist SECOM in establishing one or more urban health centers in underserved areas of Dade or Broward County.
   - To complement the funding of the Area Health Education Center (AHEC) program of SECOM to enable it to provide full service and to establish a firm base.
d. Evidence of goal attainment as supplied by the institution
   - SECOM has been successful in achieving the goal to have 100 percent of their students participate in a rotation for the prescribed time through the rural and underserved urban programs.
   - 1987 graduates had 78 percent of their internships in Florida hospitals.
   - Of the first two classes, 31 of 96 (32%) graduates are in General Practice or General Practice Residencies in Florida. Two graduates are in General Practice in rural areas of Florida.
e. Use of State funds in FY 1987-88
   - 58 percent of the State appropriation was spent on portions of the salaries of the directors for the urban program, the rural program and the AHEC program.
   - 29 percent of the State appropriation was spent to offset the supplemental living expenses for the students temporarily located in rural areas during their clinical rotation.
   - Eight percent of the State appropriation was spent on portions of the salaries for a patient relations counselor for the urban program, clerical and administrative staff for the AHEC program.

- The remaining funds were spent on faculty and staff travel, educational materials, office supplies and establishing rural and urban AHEC offices.

2. University of Miami Spinal Cord Research

a. Year of initial funding - 1986-87 for $250,000
b. Level of funding for FY 1988-89 - $250,000
c. Goals of the program
   - To research the functional restoration of neural tissue.
d. Evidence of goal attainment as supplied by the institution
   - A new scientific director and an assistant, both of whom are known world-wide as authorities on spinal cord injury and peripheral nerve regeneration, have been appointed to the Miami Project to Cure Paralysis.
e. Use of State funds in FY 1987-88
   - The funding appropriated by the State was earmarked for equipment acquisitions.

3. University of Miami Medical Training Simulation Lab

a. Year of initial funding - 1986-87 for $650,000
b. Level of funding for FY 1988-89 - $750,000
c. Goals of the program
   - To apply advanced technology to medical education, including simulation and computer-assisted instruction. Current activities include the academic and technical upgrading of the Cardiology Patient Simulator, and the development of an eye simulator; curriculum and teaching aids for Cardiac Life Support Training and other Emergency Medical Training Programs; and programs in computer-assisted instruction.
d. Evidence of goal attainment as supplied by the institution
   - The Cardiology Patient Simulator is currently functioning at 28 medical centers in the United States and abroad, including several in Florida, and more than 15,000 individuals are trained per year in several languages.
   - Over 1,400 individuals have been trained in emergency care during 1987-88 as a result of the research and development activities in the Emergency Trauma Care program.
e. Use of State funds - in FY 1987-88
   - Of the 1987-88 appropriation, 53 percent was allocated for salaries, 19 percent for consultants, 20 percent for expenses and eight percent for capital outlay.

4. University of Miami Epidemiology Program

a. Year of initial funding - 1988-89 for $500,000
b. Level of funding for FY 1988-89 - $500,000
c. Goals of the program
   - To build a department with a basic core of faculty that will become self-sustaining, to a large degree from sponsored research, for improving the teaching and research of epidemiology.

d. Evidence of goal attainment as supplied by the institution
   - This is the initial year of State funding.
   - The newly appointed chair of the Department of Epidemiology has proposed a reorganization of the department and has plans to recruit teaching and research faculty to fill the comprehensive needs of the populous and diverse ethnic community of Miami and the State of Florida.
   - Institutional support for the improvement of teaching and research has been demonstrated by the provision of 10,000 square feet of newly renovated space to provide epidemiological, biostatistical and computing services to the medical community.

e. Use of State funds - proposed for FY 1988-89
   - Of the proposed budget, 86 percent is designated for faculty salaries and fringe benefits (including two current faculty and six new faculty members) and nine percent for support staff salaries and fringe benefits (including one new program analyst and one new executive secretary). NOTE: Over 20 percent of the total grant of $500,000 is used to support the salary of the chairman.
   - Of the proposed budget, five percent is designated for computing hardware and software.

5. University of Miami Geriatric Education

a. Year of initial funding - 1988-89 for $500,000
b. Level of funding for FY 1988-89 - $500,000
c. Goals of the program
   - To train professionals in medicine and nursing to care for geriatric patients.
   - To stimulate the development of a replicable model for geriatric education to be used by other medical schools.
   - To attract a core of expert geriatricians, students, research, and training support for additional programs in geriatrics.

d. Evidence of goal attainment as supplied by the institution
   - A five-year time table for the development of this teaching program was designed and work has been initiated.
   - University of Miami School of Medicine is attempting to assess their goals and objective in relation to their development of a clinical curriculum.
   - A committee has been appointed and charged with constructing a required clinical rotation in geriatrics and developing a practical method of implementation.

e. Use of State funds - proposed for FY 1988-89
   - This is the initial year of State funding.
   - State funds allocations: Faculty salaries and benefits, 69 percent; secretary salary and benefits, five percent; materials for curriculum development, guest lecturers honoraria, video-tapes and printing, four percent; stipends for work-study and teaching assistants, eight percent; and continuing medical education conferences, eight percent.

6. University of Miami First Accredited Medical School*

a. Year of initial funding - 1950-52 biennial budget for $225,000
b. Level of funding for FY 1988-89 - $11,176,000 ($20,870.75 per enrolled Florida resident)
   - 1988-89 funds are based on the enrollment of 536 full-time Florida residents in the First Accredited Medical School program.
c. Goals of the project
   - To assist the university in the operation and maintenance of a medical school and for medical research for qualified Florida residents.
d. Evidence of goal attainment
   - The institution submits a confirmed list of Florida residents enrolled as students which serves as the headcount from which State funds are distributed.
e. Uses of State funds FY 1987-88
   - According to statute, State funds can be applied to the operation and maintenance of the medical school and for medical research.
   - According to statute, State funds cannot be used for the construction of buildings or for the operation of a hospital.
   - The majority of State funds are used for instruction and student services.

* The annual allocation of State funds to the First Accredited Medical School is based on Section 242.62, Florida Statutes.

B. Department of Education Projects

The procedures established by the Department of Education for independent institutions to receive appropriated funds include the submission of a project and budget plan describing the activities for the current fiscal year. Upon approval of the project plan, one-half of the funds are distributed in October and 25 percent of the funds are distributed in January. Prior to the release of the final 25 percent of the funds, the institution submits for approval by the Department of Education a progress report describing the activities which have been implemented to date. Through an annual year-end project report and financial report, the institution reports how the resources were expended, expectations of efforts, and results of program efforts. The Department of Education assists institutions in making budget amendments as the need arises.

Summary of Department of Education Projects

1. University of Miami Minority Students Health Careers Motivation Program

a. Year of initial funding - 1984-85 for $100,000
b. Level of funding for FY 1988-89 - $200,000
c. Goals of the program
   - To identify, recruit and select minority students to participate in this program.

- To facilitate the entry of minority students, particularly black students, into health professions and colleges and universities.
- To be involved in the assessment of applications of summer program participants who apply to the University of Miami School of Medicine.
- To provide role models for the summer program students.
- To familiarize the students with available financial aid at the University of Miami.
- To increase the students' skills in reading and comprehension.
- To provide follow-up contacts with students after they have completed the program.

d. Evidence of goal attainment as supplied by the institution
   - Of the 31 participants from the 1987 summer program, four (12.9%) are currently attending medical school, six (19.4%) have been accepted to medical school for Fall 1988, and six (19.4%) have applications pending for Fall 1988. Thirteen participants (42%) are still attending undergraduate institutions and two (6.5%) are attending graduate school.
   - Of the students who participated in the program during the summers of 1982-1987, nearly one-half have entered medical school, 15 percent are in graduate school and some are still in college.

e. Use of State funds in FY 1987-88
   - Since 1984 the State appropriation has paid for approximately one-half the cost of the summer program with the medical school meeting the balance of the costs.
   - The student participants' costs for travel, room and board, books and tuition, and a weekly stipend are covered in the cost of the program.
   - During the 1988 Legislative session, UMSM requested and was allocated twice the funding as in previous years in order to offer this opportunity to more students so that the State's four medical schools would have a larger minority applicant pool.

2. Edward Waters College Test-Taking Skills and Proficiencies of Students Program (Upgrade)

a. Year of initial funding - 1985-86 for $125,000
b. Level of funding for FY 1988-89 - $250,000
c. Goals of the program
   - To assess the educational needs of each entering student and provide each student with an analysis of his/her academic strengths and weaknesses and a plan for the elimination of identified weaknesses.
   - To establish an institution-wide program for developing test-taking skills and proficiencies which will assist students to successfully overcome the barriers which State-approved and other standardized tests currently impose.
d. Evidence of goal attainment as supplied by the institution
   - Groups of students who were pre- and post-tested showed some improvement in reading comprehension, standard written English, arithmetic skills and elementary algebra skills.

- Retention rates in the program (based on number of students completing both the pre- and post-test) for each semester are: Fall 1985, 82 percent; Winter 1986, 99 percent; Fall 1986, 87 percent; Winter 1987, 25 percent - problem with correct notification of testing time and date; Fall 1987, 70 percent; and Winter 1988, 100 percent.
- The lower division was reorganized as a result of planning and program development. Faculty were trained to incorporate changes into syllabi and classroom tests which were identified as critical to measure the mastery of required competencies by the test specialist.

e. Use of State funds in FY 1987-88
- During the first three years of operation, the program was designed and implemented. The majority of State funds were spent on salaries and benefits (92% in 1987-88) for new personnel.
- In addition to personnel costs, supplies and travel, seven computers and six printers have been purchased over the past three years.

3. Bethune-Cookman College Division of General Studies Challenger Program

a. Year of initial funding - 1986-87 for $250,000
b. Level of funding for FY 1988-89 - $250,000
c. Goals of the program
- To establish a model retention program utilizing multifaceted approaches to improve retention.
- To improve the retention rate and academic performance level of students attending Bethune-Cookman College.
- To improve participant performance by having at least a 90 percent passing rate on the CLAST.
- To compare and evaluate the learning styles of program participants.

d. Evidence of goal attainment as supplied by the institution
- Of the 120 participants during Fall 1987, 84 percent earned a grade point average of "C" or better, 12 percent had a GPA of less than 2.0, and four percent were academically dismissed.
- Twelve students (10%) were Presidential Scholars or on the Dean's List.
- 53 percent of the participants successfully completed the program by the end of Fall 1987.
- In September 1987, of the eight Challenger participants who took the CLAST, seven passed the math (88%) and eight passed reading, English and essay (100%).
- In March 1988, of the 16 Challenger participants who took the CLAST, 11 passed the math (69%), nine passed the reading (56%), 12 passed the English (75%), and 13 passed the essay (81%).

e. Use of State funds in FY 1987-88
- Personnel costs amounted to 41 percent of the State appropriated funds which covered the director's and secretary's salaries and benefits, and payment for team leaders, faculty advisers, mentors and consultants.
- Developmental scholarship and peer facilitator stipends amounted to 44 percent of State funds.

- Of the 1987-88 appropriations, non-personnel costs (consumable supplies, duplicating costs and travel) amounted to five percent and indirect administrative costs amounted to ten percent. In the 1988-89 budget proposal indirect administrative costs are not included, however, administrative support costs comprise three percent of the proposed budget.

4. Bethune-Cookman College Teacher Education Institute

a. Year of initial funding - 1986-87 for $250,000
b. Level of funding for FY 1988-89 - $250,000
c. Goals of the program
   - To increase the number of teacher education students who obtain degrees.
   - To concentrate on retaining teacher education students through counseling, academic assistance, financial assistance, and professional preparation.
   - To examine alternative models, structures, and designs for professional teacher education preparation.
   - To examine the knowledge base of teacher education and teacher competency.
d. Evidence of goal attainment as supplied by the institution
   - The Teacher Education Institute has established a vigorous recruitment program, a structured advising system, and a professional development program.
   - The Institute provides tutors for teacher education majors in the areas of mathematics and language arts and has assisted students in preparing for the Florida Teacher Certification Examination.
   - During the 1987-88 academic year, 33 teacher education majors graduated from the State approved programs at Bethune-Cookman College. (During the 1986-87 academic year, ten education majors graduated from State-approved programs at Bethune-Cookman College.)
e. Uses of State funds in FY 1987-88
   - Total personnel costs amounted to 47 percent of State funds allocated: administrative salaries and benefits accounted for 24 percent of State funds, 17 percent to faculty team support stipends, four percent to educational consultants, and two percent to student tutors.
   - Non-personnel costs (consumable supplies, instructional materials, travel, duplicating and postage) amounted to nine percent of State funds.
   - Of the 1987-88 appropriation, indirect administrative costs amounted to ten percent. In the 1988-89 budget proposal, indirect administrative costs are not included, however, administrative support costs comprise ten percent of the proposed budget.

5. Research and Development Authority (TRDA)*

a. Year and amount of initial funding - 1988 for $31,200
b. Level of funding for FY 1988-89 - $31,200

c. Goals of the program
   - To contract with and support the programs of those accredited institutions of higher learning with a research capability whose main campuses are located within Brevard County in the furtherance of the objectives of the authority and to contract with any other accredited institutions of higher learning with a research capacity in furtherance of the objectives of the authority.
   - To coordinate and distribute available resources among state and independent colleges and universities based on their research strengths in space science technology in order to promote the development of Brevard County as a center for high technology and scientific research. The Legislature earmarked 25 percent of the Challenger Licensure proceeds for TRDA amounting to $1.2 million in 1987 for research and development.

d. Evidence of goal attainment as supplied by the institution
   - This is initial year of State funding.

e. Use of State funds - proposed for FY 1988-89
   - Of the proposed budget 96 percent is designated for personnel salaries and fringe benefits.
   - Of the proposed budget four percent is designated for office supplies.

* The Technological Research and Development Authority (TRDA) is an independent agency housed at the Florida Institute of Technology.

C. Summaries of Other State-Supported Education Contracts Initiated by the Legislature

Although originated by direct legislative appropriations, the two projects in this section now receive an annual review by the Commission. The Southeastern College of Osteopathic Medicine, originally funded in 1981-82, has been reviewed by the Commission each year since 1985, and the Board of Regents is charged with making the budget request to support the project. According to legislative proviso, funds for SECOM are allocated directly to the institution without the involvement of Board of Regents. In addition, the 1988 Appropriations Act directed the Commission to review the Southeastern College of Pharmaceutical Sciences (SECOPS) prior to the submission of a budget request by the Board of Regents.

1. Southeastern College of Osteopathic Medicine (SECOM)

a. Year and amount of initial funding - 1981-82 for $100,000
b. Level of funding for FY 1988-89 - $1,788,000
c. Goals of the program
   - To provide medical instruction emphasizing primary care/family medicine practice.
   - To focus training on the needs of rural, geriatric, and minority population subgroups by giving special consideration to applicants who want to serve these groups and by requiring all students to complete coursework and clinical rotations which concentrate on medical care for these individuals.
   - To emphasize training to provide ambulatory care rather than hospital care.

d. Evidence of goal attainment as supplied by the institution
   - Since SECOM was chartered in 1979, four classes have graduated. A total of 261 students (208 Florida residents) have graduated. Informal institutional placement information suggests that most graduates are in Florida either in private general practice, in general practice residency, or in a specialty residency. Sixty-two percent of the graduating class of 1988 are scheduled to enter internships in Florida.
   - Efforts made by SECOM to recruit qualified black students have contributed to an increase in both the number of applications and the number of qualified minority students admitted to the school. To date, four black students have graduated. Hispanics and women have been well represented in the applicant pool, admissions, enrollments, and among graduates.

e. Use of State funds in FY 1987-88
   - Beginning with the 1984-85 appropriation, a capitation amount for each authorized Florida resident student was implemented. The capitation amount, which is based on the Southern Regional Education Board's interstate contract for osteopathic medical education, was $4,400 per student for the 1987-88 school year. Contract-supported students benefit from a $4,400 reduction in tuition.

2. Southeastern College of Pharmaceutical Sciences (SECOPS)

a. Year and amount of initial funding - 1987-88 for $75,000
b. Level of funding for FY 1988-89 - $252,000
c. Goals of the program
   - To provide access to pharmacy education to residents in the South Florida area. (The first baccalaureate degrees should be awarded in 1990 and the first doctor of pharmacy degrees in 1991.)
   - To develop strengths in the curricular areas of therapeutics of racial/ethnic minority groups and of the aging population.

d. Evidence of goal attainment as supplied by the institution
   - SECOPS serves the pharmacy education needs of southeastern Florida. In Fall 1988 over 70 percent of SECOPS students were residents of Broward or Dade counties and 58 of the 59 students in the 1988 entering class were Florida residents.
   - Although Hispanic students represented 27 percent of the 1988 enrollment, black students represented only three percent of enrollment.

e. Use of State funds in FY 1987-88
   - This is the initial year of State funding.
   - State funds provide a reduction in tuition for contract-supported Florida residents (50 FTE students at $1,500 each).

Note: In September 1988, the Commission recommended that SECOPS be funded as an academic program contract similar to those described in Chapter II.

TABLE 5

APPROPRIATIONS FOR STATE-SUPPORTED PROJECTS AT INDEPENDENT POSTSECONDARY INSTITUTIONS WITHIN EDUCATION BUDGET ENTITIES BUT NOT RECOMMENDED BY THE COMMISSION

STATE-SUPPORTED PROJECTS	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
SECOM PUBLIC SECTOR URBAN, RURAL AND UNMET NEEDS				$70,000	$105,000	$105,000	$105,000
UM-SPINAL CORD RESEARCH						$250,000	$250,000
UM-MEDICAL TRAINING SIMULATION LAB						$650,000	$750,000
UM-EPIDEMIOLOGY PROGRAM							$500,000
UM-GERIATRIC EDUCATION							$500,000
UM-MEDICAL SCHOOL MINORITY MOTIVATION PROGRAM				$100,000	$100,000	$100,000	$200,000
EDWARD WATERS UPGRADE PROGRAM				$125,000	$250,000	$250,000	$250,000
BETHUNE-COOKMAN CHALLENGER PROGRAM					$250,000	$250,000	$250,000
BETHUNE-COOKMAN COLLEGE OF EDUCATION					$250,000	$250,000	$250,000
TECHNICAL RESEARCH AND DEVELOPMENT AUTHORITY							$31,200
UM-DROPOUT PREVENTION CENTER					$225,000		
NOVA UNIVERSITY						$980,000	
UM-FAMILY SCHOOL RESEARCH						$30,000	
FIT-SOLAR ENERGY PROJECT	$200,000	$186,700	$200,000	$200,000	$200,000	$200,000	$200,000
UM-SE FLORIDA AFFILIATED PROGRAM		$80,000	$150,000	$150,000	$150,000	$150,000	$150,000
SUBTOTAL	**$200,000**	**$266,700**	**$350,000**	**$645,000**	**$1,530,000**	**$3,215,000**	**$3,436,200**
*SECOM (1981)	$200,000	$400,000	$800,000	$1,080,000	$1,208,000	$1,483,000	$1,788,000
*SECOPS						$75,000	$252,000
SUBTOTAL	**$200,000**	**$400,000**	**$800,000**	**$1,080,000**	**$1,208,000**	**$1,558,000**	**$2,040,000**
UM-FIRST ACCREDITED MEDICAL SCHOOL (1951)	$8,364,080	$8,410,726	$9,268,084	$9,629,539	$9,966,573	$10,548,623	$11,176,000

*SECOM and SECOPS were created by the Legislature without a review or recommendation by the Commission or State Board of Education; however, as directed by the Legislature, each now receives an annual review by the Commission (SECOM since 1985 and SECOPS since 1988).

IV. CONTRACTING EFFORTS IN OTHER STATES

Contracting with institutions in the independent sector for academic programs represents an effort by a state to increase access for in-state students through efficient use of all postsecondary resources available. Participating states view contracting with the independent sector as a more economic way of providing educational opportunities for the diverse needs and interests of residents rather than attempting to build additional programs within institutions in the public sector.

In August 1988, the Commission requested information from other states concerning contracting with independent institutions for academic programs. Although direct aid to the independent sector is found in a variety of forms (e.g., allocation based on FTE resident students or graduates, purchase of equipment, or targeted support programs), only a handful of states are currently contracting for academic programs with either in-state independent or out-of-state public and independent institutions. Information was received from the six states. All states with known state policies on contracting are included.

Tennessee

Contracting in Tennessee is designed to open access to academic programs at independent institutions to in-state residents at a low cost that are not offered at public higher education institutions in Tennessee. Contract programs are available also in disciplines, such as medicine and dentistry, that are offered in Tennessee public higher education, but where state demand exceeds supply. State demand or need may be shown in terms of absence of a comparable program at a public institution, regional access, or shortage of minorities in a given field.

Contract programs that are not offered in any Tennessee public institution include mortuary science, optometry, sign language interpretation and respiratory therapy. A contract program that increases regional access is the master degree program in nursing. Contract programs responding to shortages of minority participation include ones in medicine and dentistry. Some contracts address specialized needs in medical education such as family practice, preventive medicine and clinical training.

Interest in academic contracts may be initiated in response to student, industry, or legislative demand or at the prompting of an institution. Once interest is initiated, the Higher Education Commission analyzes the proposed contract in terms of need and cost-effectiveness. Accepted are only those proposed programs for which a need exists that is not being met by public institutions and for which the contracted amount is less costly than starting a new program or extending an existing program at a public institution. Students pay tuition at reduced levels and in some cases loan obligations may be forgiven by the state if the recipient practices a certain number of years in the state following graduation.

Periodically, existing contracts are reevaluated to confirm that a continuing need exists for graduates in the given field. In most cases, the Higher Education Commission contracts directly with the institutions. However, in

some cases, the Southern Regional Education Board serves as a conduit between the Commission and the institution.

Minnesota

Contracting has been viewed in Minnesota as an approach to addressing needs for educational services efficiently and effectively. In Minnesota the contracting option is considered more viable in meeting long-term needs or chronic problems than meeting short-term needs which warrant quicker response than government mechanisms provide.

Contracting had been utilized with out-of-state programs in osteopathy and optometry education in order to ensure that spaces were held for Minnesota residents. However, these contracts are no longer funded by the legislature. Residents now have access without state intervention to these programs where demand for admission has declined.

In 1971, the Minnesota legislature agreed to provide capitation payments for 40 residents at the Mayo Medical School and the Mayo Graduate School of Medicine. The institution received state funds and in exchange offered 40 resident students a tuition level comparable to students at the University of Minnesota Medical School. In 1984 the legislature cut the capitation funding from 40 to 20 Minnesota students per class per year since a statewide physician shortage no longer existed. Minnesota considers its financial arrangement with the Mayo Medical School as a subsidy and not a form of contracting since no formal signed agreement exists.

Although no formal contracts currently exist, at the request of the legislature the Minnesota Higher Education Coordinating Board has established a program review process designed to assess need for educational services. The Minnesota Higher Education Board would analyze an identified area of need to determine whether contracting is an appropriate option. If contracting is determined to be the most effective and efficient way to address a unique need, the Board selects the contract recipient based on the factors of (a) initiator of proposal, (b) cost effectiveness, (c) availability of existing resources, (d) additional resource requirements, (e) proximity to need, (f) institutional mission, and (g) distinctiveness.

Virginia

The 1988 General Assembly appropriated $100,000 to allow the state to contract for services with Virginia's private colleges and universities. The intent of the appropriation was to encourage closer cooperation between the public and private sectors. In this first year of contract awards, the director of the State Council of Higher Education invited the presidents of Virginia's private, non-profit institutions to submit proposals for programs that would fit unfilled educational needs of the state. Priority for selection was given to programs that could be funded and completed in one year, rather than ones which need ongoing support.

Six institutions submitted a total of 11 proposals; five were approved for funding by the Council in 1988-89. Examples of funded proposals included career counseling for adult women, a music program, a science institute for

educators, and a program to raise the skills of teacher assistants to the level needed for teacher certification. Virginia expects this pilot program for contracting with the private sector to continue to receive future funding.

New Jersey

Although New Jersey does not contract with in-state independent institutions, it does contract with out-of-state institutions for optometric and veterinary medical education. Since 1977, New Jersey has contracted with the Pennsylvania College of Optometry for reservation of 16 openings for New Jersey residents and with The New England College of Optometry for four openings. In 1988-89 the average state contribution per contract is $4,500.

Contracts for veterinary medical education were initiated in 1971. Out-of-state institutions receive a capitation subsidy toward educational costs in return for a number of reserved openings for New Jersey residents. In 1988-89 the average state contribution per contract is $13,750. This is not a tuition subsidy, therefore, students are responsible for the full cost of tuition and fees. New Jersey contracts for veterinary medical education with the New York State College of Veterinary Medicine (7 openings), Ohio State University (4 openings), the University of Pennsylvania (15 openings), and Tuskegee Institute (2 openings).

Connecticut

Connecticut initiated contracting with independent in-state institutions in 1983 to provide residents access to programs in the private sector that did not exist or where space was limited in the public sector. Contracts were limited to existing programs and could not inhibit the appropriate growth and development of programs in the public sector. The Connecticut Legislature has since terminated its practice of contracting with independent in-state institutions in order to make more funds available for its tuition assistance program.

Currently under consideration in Connecticut is a new type of contract program in selected areas such as nursing, medical technology, and manufacturing engineering. Funds for these proposed contracts would go to students who in turn could use them in either public or private institutions.

Missouri

Educational contracting with Missouri independent institutions is designed to afford access only where there is no public program. In addition, Missouri may contract with out-of-state institutions for openings reserved for Missouri residents.

In Fall 1988, Missouri began contracting with Washington University, an in-state independent institution, for architectural education at $4,000 per in-state student. This amount is equal to the cost of instruction for engineering at a public institution. Instructional expenditures for engineering were used to determine the state subsidy since engineering is considered a comparable program in cost and since no public program for architecture exists in Missouri. The $4,000 reduces the student tuition for

in-state residents, however, it does not reduce it to the point of being comparable to state tuition levels.

Missouri is planning a statewide assessment to identify future educational needs rather than reacting to proposals initiated by institutions. Once an educational need is defined by the state, the state disseminates a request for proposals (RFP). Proposals are subjected to a competitive bidding process as required by the auditor general.

Summary

Florida has been cited repeatedly as a leader in contracting with the independent sector. The recognition of Florida as a leader was supported by the variety of programs, the magnitude of funding, and the comprehensiveness of policies and procedures used in Florida's contracting with independent institutions. As described in this chapter, Tennessee is a distant second to Florida in the magnitude of funding for academic program contracts in independent institutions. It appears that those states currently involved with contracting are typically expanding access for their residents in health related fields. There is also some evidence of contracting by a few states on a small scale for engineering and teacher education.

V. ISSUES AND RECOMMENDATIONS

The Commission's study of academic program contracts provides a policy review and status report on state funds being provided to independent institutions through two separate mechanisms: (A) academic program contracts which involve the submission of a proposal by an independent institution to the Commission for evaluation and a recommendation to the State Board of Education prior to requesting legislative funding, and (B) contracts or grants to independent institutions which are directly appropriated by the Legislature without a formal evaluation or recommendation by a state agency. Issues and recommendations relating to each type of contract will be addressed within the sections which follow. Section C addresses auditing of both types of contracts.

A. Academic Program Contracts Under the Commission's Review

Academic program contracts with independent institutions provide a mechanism to ensure that unfulfilled postsecondary education needs are met in an effective and efficient manner. Since receiving the legislative authority to recommend contracts with independent institutions in 1981, the Commission has received about 35 proposals from independent institutions. Nine contract proposals were recommended to the State Board of Education between 1981 and 1986 and are now funded annually; in addition, three contracts recommended by the Board of Regents prior to 1981 continue to be funded each year. Three other contracts are being recommended to the 1989 Legislature by the Commission and State Board of Education. Over 20 contacts have not been recommended for funding or have been deferred by the Commission since 1981 (see Table 2).

Identification of Areas of Need

One issue identified in the legislative charge to the Commission was to review current policies and procedures relating to the identification of areas of need for academic program contracts. The following analysis will focus on both the process used by the Commission in the identification of the program area for contract consideration, as well as the determination of need once a specific program at an independent institution has been identified.

To date, the identification of the program for most academic program contracts has been initiated by the independent institution. Some policy makers have suggested that the Commission should first identify the need for a program not being met in the public sector and then disseminate a request for proposals (RFP) to institutions once the statewide or regional programmatic need is determined. Due to the small size of the Commission staff and the almost limitless number of potential program areas, the Commission has not systematically analyzed the need for new academic programs in each discipline either regionally or at the state level nor identified a cost effective method for doing so.

Several exceptions to the practice of having the initial identification of a potential contract program made by the institution can be cited when the Commission's special studies are considered. For example, in the Commission's 1982 Joint Programs Feasibility Study, the need for increased postsecondary

education opportunities in the Lakeland area was examined. The Commission recommended that Florida Southern College be involved in this process and the contracting option be fully explored. At that time, the elementary education, business and nursing programs were recognized as having the greatest potential for contracts. Thus, the 1988 contract proposal from Florida Southern College which requests state support for students in the elementary education program, provides an example of a state-initiated effort to generate a potential contract. A recommendation to support this contract proposal is being made to the 1989 Legislature.

The Commission's study of the Postsecondary Education Needs of the Film Industry in Florida provides another example in which the Commission identified an area of need through a special study. In this 1987 study, the emerging needs of the film industry in the Southeast Florida area were recognized and the well-established film education program at the University of Miami was encouraged to become a partner in the New World School of the Arts through the contract process. A contract proposal from the University of Miami to support the baccalaureate degree in film is anticipated in the Spring 1989 proposal submission cycle.

Whether a program has been identified for a potential contract by the institution or the State, the initial requirement to justify need for state funding rests with the institution. The independent institution must substantiate contract need by addressing the following requests for information:

1. List the colleges and universities (both public and independent) in Florida which presently offer programs similar to the proposed contract program and the number of students currently enrolled in each program. Have any of these programs been included in a state-level program review? If so, please identify.

2. Provide national, state, or local statistics to support the need for more people to be prepared in this program at this level.

    a. Cite any national, state, or local plan or report that supports the need for this program (e.g., consultants' report, SUS program review, accreditation report).

    b. Cite any specific demand for the proposed program which has emanated from a perceived need by agencies or industries in the area of the state.

    c. Cite any specific indications of student demand for this type of program locally or statewide (e.g., student requests, applications to similar programs).

3. Why should this program be offered by contract with the requesting institution rather than through an alternative method of delivery? In the response, consider at least the following options as alternatives:

a. Initiation or expansion of existing programs in the SUS, in other independent colleges and universities, and in Florida public community colleges.

b. Cooperation with another institution.

c. The SREB Common Market

4. Indicate the numbers of new students expected to enroll in this program during each of the next five years and the primary sources of these students. (Explain the methodology utilized in developing these projections.)

During the initial proposal review process, Commission staff verify that the above information is contained in the proposal. Incomplete proposals are returned to the institution for further development and resubmission. It should be noted that the above requirements are commensurate with those identified by the Board of Regents for a state university submitting a request for a new academic program.

Following receipt of a completed proposal, Commission staff conduct an analysis to further substantiate need for the program. Information necessary to evaluate the proposal is gathered from appropriate boards and other institutions so that need, demand and the status of similar existing or planned programs in the public sector can be assessed. The analysis of need also includes an examination of employer demand based on labor market data available in the Florida Occupational Information System (FLOIS), and an examination of recent studies on the program conducted in the State, region or nation. Appropriate professional and accrediting organizations with which the program is affiliated are contacted at the State and national level for useful data to substantiate need. In addition, a request is made to the Board of Regents or State Board of Community Colleges to review the proposal and comment on need from the perspective of the public sector. The results of the most recent statewide program reviews in the public sector are also consulted as this analysis is completed.

The proposal and supplemental information are evaluated to determine the need for a contract program in terms of employer demand, student demand, and societal need. If need cannot be sufficiently demonstrated, the institution is notified and the proposal is submitted to the Commission with a staff recommendation that consideration be terminated. If need is sufficiently demonstrated, the quality of the program is assessed with the assistance of a consultant who is external to Florida higher education. As part of the consultant's evaluation, need is once again assessed utilizing the criteria identified above. The process of evaluating the quality of a proposed contract program will be discussed in the next section.

During the course of the current study, the Commission requested that the policies and procedures for identifying and justifying program need be examined by an external consultant with expertise in conducting needs assessments and program reviews. For this purpose, Commission staff contracted with Dr. Gordon Van de Water of Augenblick, Van de Water and Associates of Denver, Colorado. This consulting firm is well respected

nationally and had been used by the Commission during the preparation of the 1988 Master Plan Update. The evaluation by Dr. Van de Water of the Commission procedures regarding the identification of program need provided several suggestions for improvements (See Appendix B). Some of these improvements are changes in the proposal application such as adding sections on recruitment, admission standards, retention and placement strategies, and how an institution would adapt to non-renewal of the contract.

The consultant also recommended that the Commission adopt a two-step approach to proposal submission and assessment of need. The first step would require the independent institution to provide a prospectus, or statement of intent to submit a request for state funding in a specific program area. This statement of intent would include the justification of program need. Commission staff would review this needs assessment and verify that a program need is indeed apparent prior to the submission of the complete proposal by the independent institution.

Recommendations:

1. **The alternative paths currently used by the Commission for the identification of possible program areas to be considered for a contract (through a special study by the Commission or directly by the institution) should continue to serve as the mechanisms for identification of program areas of need.**

2. **The Commission's procedures for proposal submission should be modified to permit an independent institution to provide a statement of intent for evaluation and response by the Commission prior to submission of a complete proposal. The statement of intent should include justification for program need.**

Evaluation of Program Quality

The quality of a proposed contract with the State for a specific academic program at an independent institution is assessed in a manner similar to that utilized by the Board of Regents in their new program approval and program review processes. The process and procedures are also similar to those employed by specialized accrediting agencies when specific programs are evaluated. As noted in the last section, once need for the program is verified by Commission staff with the assistance of the relevant postsecondary board and other appropriate organizations, an external consultant is identified who is a practitioner in the discipline being evaluated and has expertise in conducting program evaluations. Accrediting agencies and state and national associations are contacted to identify potential consultants. Commission staff review the credentials of at least three out-of-state consultants; the names of the potential consultants are then submitted to the director of the program being evaluated to verify that the list of possible consultants is acceptable. Staff also confirm that no apparent potential for conflict of interest exists between the consultant and administration/faculty of the program being assessed. One consultant is then selected to evaluate the quality of the proposed contract program as described below.

The consultant is first oriented by Commission staff and advised that the program must meet reasonable standards of quality as determined by specialized accreditation or program reviews, and must be of comparable quality to similar public sector programs. The consultant is required to evaluate the program based on information contained in the proposal and additional data compiled by the institution and staff. The analysis must address at least the following:

- Quality and appropriateness of the required coursework and curriculum.
- Numbers of students enrolled (full- and part-time) -- include present enrollment, past trends in enrollment, proposed enrollment under the contract.
- Current faculty and anticipated faculty for the proposed contract (analyze the qualifications and level of faculty).
- Current and anticipated facilities and resources (library volumes/serials, instructional space, equipment, etc.).
- Equalization of education opportunity (EEO) -- the current and proposed enrollment in terms of sex, race and ethnic classifications.
- Is the program accredited by any specialized accrediting agency(ies)? If so, summarize the significant findings of the most recent accreditation report(s).
- Are the graduates of the program required to take a licensing examination? Has the program met the licensing standards or approval by relevant state boards?
- Are similar programs offered in the geographic area by public or independent postsecondary institutions? Comment on the quality of these similar programs at either public or independent institutions.
- How does the program being evaluated compare with other programs of its nature in the State? In the region?

An on-site visit is made to the independent institution by both the Commission staff and the consultant. Similar programs at Florida public and independent institutions are visited for comparison. If a Board of Regents program review is being conducted in the academic discipline during the same period, a Board of Regents staff member generally participates in the on-site visit to the independent institution.

The consultant's written report is formulated to address whether the proposed contract represents an appropriate, high quality response to an identified unmet need. If similar public programs are available, the consultant must report on whether the contract would represent warranted or unwarranted duplication. Following review by Commission staff, the consultant's report is shared with the institution for comment and verification that the information contained in the report is accurate. The institution is advised that the

consultant's report represents only one aspect of the documentation considered by Commission staff in formulating a recommendation. Nonetheless, the consultant's report is a major component utilized in developing a recommendation. As noted previously, the Commission has recommended against funding more proposals than it has recommended for funding based primarily on the lack of either clearly demonstrated need or lack of program quality.

Once an academic program contract is approved by the Legislature, the Commission is required by statute to conduct an annual review of the contract for the purpose of assessing continued need and of making a budget recommendation for the next fiscal year; a five-year comprehensive evaluation is also required. Each of these two review processes also focus on program quality and will be addressed in the next section.

During the current study, Dr. Van de Water was asked to assess the procedures which are utilized by Commission staff to evaluate program quality of a proposed contract. The consultant's analysis indicates that the procedures utilized by the Commission to assess quality are appropriate and made no suggestions for improvement.

Recommendation:

3. **The criteria currently considered by the Commission in the assessment of program quality should continue to be utilized. An out-of-state consultant with expertise in the discipline area being evaluated should continue to be employed to assist in the assessment of program quality.**

Procedures Relating to the Reevaluation of Existing Contracts

State Board of Education Rule 6A-10.032(3)(e) states that the Commission shall provide the State Board with a recommendation on the annual review of each contract. The procedures utilized by the Commission and the Department of Education to conduct annual and five-year reviews were described in Chapter II.

In brief, to formulate the annual budget recommendation, on-site visits by Commission and Department of Education staff have occurred during the summer of each year. Prior to conducting the on-site visit, the program administrator is required to prepare an annual report which includes institutional data on the contract program.

Annual on-site visits to contract programs are generally routine checks to verify that no changes have occurred which would necessitate alterations in funding. The majority of the information obtained on-site could be mailed to the Commission and analyzed without an on-site visit. Academic contract programs which have completed at least two successful annual visitations could be exempt from subsequent annual review visitations by providing the Commission with annual reports consisting of quantified data. Monitoring through the submission of information such as student/faculty ratios, admission practices, minority participation rate, and student demand could reveal deterioration in quality of a contract program. If the contract administrator can provide evidence that the program has continued to meet

acceptable standards of quality, then there would be no reason to require completion of an annual on-site visit. The Commission would require an on-site visit only if deterioration in quality were noted in the documentation provided by the contract program administrator.

Five-year on-site reviews, on the other hand, should continue to be conducted with the assistance of an out-of-state consultant. Section 240.147, Florida Statutes, states that every contract program shall be reviewed with the cooperation of the institution every five years. These five-year reviews conducted by the Department of Education in cooperation with the Commission provide the mechanism to extensively reevaluate each academic contract to determine whether the program should continue to be recommended to the State Board of Education for legislative funding or whether postsecondary needs in the State or region have changed. The reevaluation may indicate that the contract with the independent institution is either no longer justified or that the funding level of the contract should be modified. An assessment of program quality is also made during the five-year review and compared to the quality assessment when the program was initially reviewed. The first five-year reviews were conducted in 1987-88.

Recommendations:

4. **The annual on-site review of existing academic program contracts should be modified to permit contract programs which have successfully completed two annual visitations, and have provided accurate and appropriate annual monitoring reports to the Commission and Department of Education, to participate in a visitation by exception option. If an academic program administrator provides evidence that the contract is meeting acceptable minimum standards of quality, then an annual on-site visit is not needed. If the reports reveal deterioration in quality, the Commission should require an immediate visitation. Occasional ad hoc visits should also be conducted.**

5. **As required in statute, a five-year comprehensive evaluation of each contract program, including an on-site visit, should continue to be conducted by the Department of Education and Commission with the use of an out-of-state consultant. Board of Regents staff should be invited to participate on those on-site reviews of existing academic program contracts which may be similar or duplicative of a program in the State University System.**

New Program Approval in the State University System

During both the initial proposal evaluation process, and the annual and five-year contract reviews, the availability and capability of public sector programs nearby and similar to existing or proposed contract programs are analyzed. Subsequent to the initiation of four contracts, similar programs have been developed and are now accredited at Florida International University in social work, electrical and industrial engineering, and nursing. Particular emphases in these programs has converged to varying degrees with those of the contract programs. As the public sector programs mature, the

State must routinely consider whether existing needs justify continued support for both the contract and public sector programs. For example, in consideration of the developing electrical and computer engineering programs at Florida International University and Florida Atlantic University, the 1987-88 five-year review of the electrical (computer) engineering program at the University of Miami led to a recommendation for contract phase-out. Duplication in other program areas will be analyzed during the 1988-89 five-year program reviews.

It is essential that the State ensure that new programs in the public sector submitted for approval to the Board of Regents do not needlessly duplicate existing contract programs or other successful efforts in the independent sector. A mechanism to provide such assurance directs the Commission to "assist the State Board of Education in the conduct of its postsecondary education responsibilities." One specific task assigned to the Commission by the 1983 Legislature is advising "the State Board of Education regarding the need for and location of new programs, institutions, and campuses of public postsecondary education" (Section 240.147(6), F.S.).

The Commission has taken the position that it is not feasible nor necessary to advise the State Board of Education on the need for and location of every proposed new program at all levels and in each sector of postsecondary education. Effective statewide coordination, however, depends on the ability to identify for review those proposed programs whose implementation would have the greatest impact on the effective use of limited State resources in ensuring quality and accessible postsecondary education.

Currently, the Commission does not review proposals for new academic degree programs submitted by state universities to the Board of Regents. The Board of Regents took action in November 1988 to improve the new degree program approval process by collapsing three phases into two phases. The new process developed by the Board of Regents for new degree program approval consists of two successive phases: (1) authorization to study feasibility and planning for a new degree program, and (2) authorization to implement a new program. Although state universities are responsible for submitting requests for permission to plan a new degree program at least four months prior to formal action by the Regents, the Commission has received most new program requests during the implementation phase rather than at the feasibility/planning phase. Once permission to plan has been granted, authority for implementation has generally been forthcoming from the Regents. One of the requirements for developing a feasibility/planning study by a state university prior to submitting a request for planning a new program is the provision of a list of other programs in that discipline in the State and region including contract programs.

When a state university receives a request to conduct a feasibility/planning study regarding the need for a new program, the Board of Regents should routinely send a copy of the proposal to the Commission. In reviewing such requests the Commission should give particular attention to proposals for new degree programs which may duplicate an existing contract program and provide appropriate comments to the Board of Regents. Similarly, when the Commission receives a contract proposal from an independent institution for potential funding, a copy of the request should continue to be forwarded to the Board of

Regents for review in terms of need, demand, cost, and the status of similar existing or planned programs in the State University System.

Recommendations:

6. **The Commission should be involved in the Board of Regents new program approval process. The State University System should forward requests to conduct feasibility/planning studies for new degree programs to the Commission. Proposals for programs which are similar to, or duplicative of, existing or proposed contracts in the independent sector must be reviewed by the Commission with comments forwarded to the Board of Regents prior to the Board's granting permission to the institution to proceed with planning the new program.**

7. **The Board of Regents should continue to review contract proposals submitted by independent institutions to the Commission to ensure consistency with the State University System Master Plan and to identify similar existing or planned programs in the public sector.**

Funding and Cost Comparisons

The authority for academic program contracts, according to State Board of Education Rule 6A-10.032, FAC, "is based upon the principles of efficiency, effectiveness, and economy. The State Board may contract for a program or for the use of an existing facility if it can be demonstrated that the state need for the program or facility may be met at lower cost or more effectively through contracting." The 1982 Master Plan for Florida Postsecondary Education recommended continued recognition of contracting as a cost-effective approach to meeting the State's needs and goals. Contracting should be recognized as a vehicle to make use of the highest quality programs as well as a means for economizing on state funds.

The Master Plan described several advantages to the State which arise from the use of contracting. One of the major advantages of contracting is cost savings. The Master Plan noted that "it is economical in that, normally, a contract does not have to support fully the program but usually pays only the difference between private and public tuition and is tied to a specific number of students to be served. Thus the State is able to take advantage of the substantial past investment made by the independent institution to develop the program and the fact that the full cost of the program will still be covered largely by non-state sources."

As envisioned in the Master Plan, statute and rule, the contracting process assures prudent expenditure of state monies for the provision of postsecondary education services and the utilization of a fuller range of the State's resources. Florida's citizens gain access to needed, quality programs at competitive costs and at affordable public tuition rates. The independent institutions involved in contracting benefit primarily from an increased pool of students who are able, with state assistance, to afford the selected contract programs.

When the State enters a contract with an established academic program at an independent institution to provide a needed educational opportunity, it takes advantage of the institution's prior investment and avoids duplicative start-up costs. By design, the student may pay no more tuition under a contract than at a comparable public sector program, so access is provided. A student enrolled in an undergraduate engineering program at the University of Miami in 1987-88 paid more than $9,500 in tuition alone. As a participant in a state-supported contract, a Florida resident enrolled in the same program paid the state tuition rate of only $1,100 per year.

The Commission is required by rule to make cost comparisons of academic program contracts with public sector programs. Comparisons of costs for academic program contracts with comparable public sector programs have been problematic. Prior to 1988, the State University System cost analysis reported direct cost, rather than full cost. Thus, under these procedures, cost information on some comparable public sector programs was unavailable and that information which was available was unverifiable by the State University System central office. Nonetheless, projections obtained each year since 1981 show contract costs to be generally competitive with comparable public sector costs.

It should also be noted that the cost of an academic program contract is the total cost to the State for this program at the independent institution, whereas public sector operating costs being used for comparison do not include significant capital outlay expenditures for facilities and major equipment purchases as well as other start-up costs which would be necessary to duplicate an existing program at an independent institution.

As a result of the Commission's 1986 Study of Graduate Education Programs and subsequent legislative action, and with Board of Regents cooperation, the State University System revised its cost accounting procedures to reflect full program cost and to reflect graduate program costs by level -- master's and doctorate. The first cost figures utilizing the new State University System annual expenditure analysis were obtained in December 1988 and these are contained in Table 6. The data once again show contract costs generally competitive with comparable public sector programs for most programs.

Several characteristics of Table 6 should be highlighted. First, certain programs at independent institutions (e.g., biomedical engineering at the University of Miami and the accelerated bachelor of science in nursing (BSN) option at Barry University) are unique in the State and thus cost comparisons are not possible to make. Second, unlike programs at the baccalaureate and master's level which are calculated on the basis of tuition differential, the two doctoral programs are calculated on the basis of full cost per credit hour. The full cost per credit hour is calculated annually by the University of Miami with the approval of the Department of Education. The decision to reimburse the University of Miami at the level of full cost minus the state tuition was made at the time the two Ph.D. contracts were initiated and that decision continues to be supported in annual legislative appropriations. The two primary reasons for this type of funding are the expensive nature of the Ph.D. programs and the fact that University of Miami students do not normally pay tuition at the Ph.D. level because of financial subsidies such as scholarships and grants. It should be noted that due to the exceptionally

high cost per credit hour for the Ph.D. program in basic medical sciences, the University of Miami's contract proposal provided for the university to absorb annually a proportion of the administrative overhead charge normally assessed for grants of this type.

To facilitate cost comparisons for this study, the University of Miami was asked to calculate full cost per credit hour on the basis of the cost definitions recently adopted by the Board of Regents. Utilizing the Board of Regents cost criteria, the University of Miami reported the full cost per credit hour to be commensurate with costs calculated annually by the institution and as reported in Table 6.

An analysis of the information presented in Table 6 reveals that the comparisons of cost data continue to be of concern. For most programs, there appears to be as much discrepancy or inconsistency among program costs within the State University System as between the State University System and the academic program contract costs at independent institutions. One explanation is that the Board of Regents revised its reporting procedures and internal errors may still be present. Also, the Board requires data reporting at the discipline level and not at the program level (i.e., engineering and not electrical or industrial engineering; education and not elementary or science education). Therefore, for the purpose of this study, program level cost comparisons were generated individually by each public institution since the Board of Regents does not require that this information be compiled on a regular basis.

One reason for the decrease in the annual costs during the past three years as evidenced by the Florida International University's bachelor of science in nursing and master of social work programs is that both of these are new programs in which the enrollments have been small but are now increasing. Low enrollments are one reason why costs are higher when a program is first implemented. Fluctuating enrollments are also the reason why the program costs can vary from one year to the next as is evidenced by the Ph.D. in basic medical sciences at the University of South Florida (see Table 6).

Typically, cost per semester hour is higher for doctoral level instruction than master level instruction. However, cost figures received from Florida State University for the Ph.D. in oceanography/meteorology indicate the contrary. Higher cost per semester hour was reported for master's level instruction despite greater student enrollment (total semester credit hours) at the master's level when compared to the doctoral level.

TABLE 6

COST COMPARISONS OF ACADEMIC PROGRAMS
AT INDEPENDENT INSTITUTIONS AND STATE UNIVERSITIES

ACADEMIC PROGRAM AND LEVEL	COST PER SEMESTER HOUR		
Institution	1986-87	1987-88	1988-89
General Engineering - BS			
Florida Institute of Technology	**$133.28***	**$147.23***	**$162.06***
University of South Florida	175.00	178.00	187.00
Science Education - BS			
Florida Institute of Technology	**133.50***	**145.58***	**162.15***
University of Central Florida	112.00	112.00	113.00
University of South Florida	135.00	138.00	145.00
Electrical Engineering - BS			
University of Miami (Computer)	**248.13**	**278.40**	**312.40**
University of Florida	--	155.91	164.38
Florida International University	186.01	264.11	263.42
Florida Atlantic University	212.00	223.00	233.00
Industrial Engineering - BS			
University of Miami (Manufacturing)	**245.00**	**276.09**	**311.96**
University of Florida	--	163.06	170.94
Florida International University	537.40	366.73	365.78
Biomedical Engineering - MS			
University of Miami	**297.89**	**330.11**	**370.73**
Nursing - BSN			
University of Miami	**239.42**	**273.57**	**289.27**
University of Central Florida	234.00	187.00	166.00
Florida International University	487.24	366.82	351.25
Florida Atlantic University	158.00	165.00	173.00
University of Florida	147.84	147.20	153.97
Nursing - MSN			
University of Miami	**297.89**	**330.11**	**370.11**
University of Florida - HC	243.83	264.73	270.06
University of South Florida - MC	182.18	246.57	300.21

* Estimated cost per semester credit hour (from quarter hours)

TABLE 6 (Cont.)

COST COMPARISONS OF ACADEMIC PROGRAMS
AT INDEPENDENT INSTITUTIONS AND STATE UNIVERSITIES

ACADEMIC PROGRAM AND LEVEL	COST PER SEMESTER HOUR		
Institution	1986-87	1987-88	1988-89
Basic Medical Sciences - Ph.D.			
University of Miami	**$719.27**	**$1,198.11**	**$1,278.11**
University of South Florida	849.35	1,003.99	941.23
Oceanography/Meteorology - Ph.D.			
University of Miami-Marine and Atmospheric Science	**1,685.89**	**1,679.12**	**1,911.11**
Florida State University	399.00*	503.00*	529.00*
Social Work - MSW			
Barry University	**141.89**	**155.11**	**185.14**
Florida International University	796.20	665.22	678.52
Florida State University	199.00	222.00	226.00
Medical Technology - BS			
Bethune-Cookman College	**58.92**	**58.92**	**106.40**
University of Central Florida	234.00	318.00	287.00
University of South Florida	91.00	144.00	141.00
Elementary Education - BA or BS			
Florida Southern College (Recommended)	--	--	**(64.83)**
University of South Florida	135.00	138.00	145.00
University of Central Florida	101.00	117.00	120.00
Nursing-Accelerated Option - BSN			
Barry University (Recommended)	--	--	**(212.40)**
Architectural Engineering - BS			
University of Miami (Recommended)	--	--	**(312.40)**

* These cost figures do not include doctoral instruction at the Type I Florida Institute of Oceanography in St. Petersburg. The majority of Florida State University doctoral students utilize this facility for research. The 1988-89 general revenue appropriation for this center was $675,933.00.

SOURCE: Board of Regents, December, 1988.

When academic program contracting was initiated in the late 1970s and administered by the Board of Regents, the basis for reimbursement to the participating institutions was the actual cost of the programs as reported by the independent institutions themselves. When responsibility for recommending contracts was transferred to the Commission, a decision was made to define cost as the actual tuition charged by the independent institution whenever possible. This approach has several advantages. First, tuition is an objective figure readily available in any college catalog. Second, this method focuses on student access rather than institutional aid. In reality, the institution receives the same amount of tuition for a student enrolled through a state-supported contract as a student not supported by the State.

A further refinement that has recently been suggested is that reimbursement to the independent institutions be based on the average tuition costs among independent institutions or the actual tuition cost at the independent institutions where the contract is housed, whichever is less. For example, the unweighted average tuition and fees charged by independent institutions eligible for the Florida Tuition Voucher in 1988-89 was $5,706. Use of this average figure rather than the actual tuition for contracts would significantly decrease the state subsidy at some institutions. However, this modification would not reflect differences between lower division, upper division, and graduate level costs. This modification would also fail to recognize that tuition costs are based upon the types and costs of programs offered by an institution. Furthermore, such a reduction could jeopardize the ability of students to enroll in contract programs at state tuition rates in the event an independent institution was unable or unwilling to offset the difference between the state tuition average and its actual costs.

Based on the analysis of the data in Table 6 and the fact that tuition in independent institutions is based on the tuition set by the entire university and not a unique cost for the contract program, there appears to be no compelling reason to modify the procedure currently in place for tuition reimbursement. Also, as concluded by the Commission's external consultant, Dr. Van De Water, cost reimbursement for current Ph.D. programs on a full cost per credit hour basis appears to be in the best interest of the State for expensive programs of this type.

Recommendation:

8. **The State should continue to fund academic program contracts on the basis of tuition differential per credit hour for programs at the bachelor's and master's degree levels. Funding for the two current doctoral programs should continue on a full cost per credit hour basis using the definitions developed by the State University System for determining full cost per credit hour. Future proposals for doctoral programs should be evaluated individually to determine if full cost or tuition differential is the most appropriate mechanism for funding the proposed doctoral program. Cost comparisons with similar public sector programs should continue to be monitored periodically and at least once every five years.**

B. Contracts Outside the Commission's Review

Direct Legislative Funding of Contracts with Independent Institutions

Chapter III of this report describes the various projects with independent institutions which have been funded by the Legislature directly without a formal evaluation and recommendation to the State Board of Education by the Commission. In 1988-89 there are 13 such contracts with independent institutions amounting to $14,612,200; $11,176,000 of this amount is appropriated to the First Accredited Medical School at the University of Miami. In contrast, 12 contracts involving $3,555,898 have been subjected to evaluation by the Commission prior to receiving legislative funding.

The practice of the Legislature directly appropriating funds for contracts at independent institutions without a formal review and evaluation process has been questioned by several groups. For example, in 1987, the Independent Colleges and Universities of Florida (ICUF) recommended that proposals for state funding of selected independent institutions in Florida and start-up academic programs in independent institutions be reviewed by the Commission in a manner similar to existing academic program contracts. ICUF has opposed the actions of independent colleges and universities which have circumvented the approval procedures for contract submission by going directly to the Legislature.

Similarly, in the 1988 State University System Master Plan it was recommended that "state assistance to independent colleges and universities, other than financial aid and tuition vouchers, be provided only for those programs which have been appropriately reviewed and recommended for funding by the Postsecondary Education Planning Commission." When asked in the 1988 General Appropriations Act to review 15 academic program contracts for consistency with the State University System Master Plan, the Board of Regents in its October 1988 report reiterated its position that contracts for the Edward Waters Upgrade, the Technological Research and Development Authority housed at FIT, and Nova University's undergraduate program are "not consistent with the SUS Master Plan as they were not appropriately reviewed and recommended for funding by the Commission." (See Appendix C for the Board of Regents report.) A number of other programs which have not been reviewed by the Commission were not included in the legislative charge to the Board of Regents.

The Commission's 1988 Master Plan Update also addressed the issue of circumventing the approval procedures for contract submission as developed by the Commission and State Board of Education. The Update recommended that:

> Independent institutions seeking state support to start-up highly selective academic programs should follow procedures similar to those used for existing academic program contracts. Such factors as employer and student demand, and adequacy of resources must be considered. Proposal review by the Commission should include an analysis of start-up program costs in the independent institution in comparison with similar public sector programs.

During the current study, Dr. Van de Water recommended against the direct initiation of contracts with independent institutions by the Legislature

without a Commission review. His report states that "the most important state policy question in this area is not Commission policies and procedures, but direct contracting from the Legislature to individual institutions without benefit of any formal review or follow-up. This practice puts politics above policy analysis and undercuts the purpose of the Commission."

Recommendation:

9. **Section 240.147, Florida Statutes, should be amended to require that all proposals for state support of instructional or student services programs in independent institutions should first be reviewed by the Commission. In addition, any requests for funding of research projects at independent institutions not reviewed by another state entity should be reviewed by the Commission prior to receiving legislative funding and being included in an education budget entity.**

Monitoring of Contracts Outside the Commission's Review

Once funds are appropriated by the Legislature to support projects at independent institutions which have not been reviewed or recommended by the Commission, these projects are placed either in the budget entities of the Board of Regents or the Department of Education. Funding for projects of this type is not usually based on tuition differential of cost per credit hour as with the academic program contracts recommended by the Commission. Instead, funding is based on a budget submitted by the institution to support salaries, equipment, supplies, travel, scholarships or general administrative costs of the given project. The institution receives funding by means of contracting with the Board of Regents or Department of Education.

Annual year-end fiscal reports, and institutional plans for the following year are required by the state agency, but the state office does not conduct a program review. For Department of Education projects, the State assists the institutions in facilitating budget amendments as the need arises. The State has contractual authority to terminate the contract if it determines nonperformance or inadequate performance of activities. Performance is monitored through the review of year-end and fiscal reports for the Board of Regents and through year-end, fiscal, and mid-year progress reports for the Department of Education.

Table 4 on page 28 lists the 1988-89 projects of this type which were funded by the Legislature. These projects have not undergone an evaluation process to ensure that state funds are indeed being used to address a postsecondary education need, and that employer or student demand justifies the creation and continuation of the state-funded projects. As detailed in the previous section and in Recommendation 9, the Commission strongly believes that proposed contracts should be evaluated prior to being funded. Also, while all programs in the community college and state university systems and the academic program contracts in independent institutions under the Commission's review are required to be evaluated periodically by external consultants, no similar requirement is placed on these state-supported projects once they have been appropriated by the Legislature.

Recommendations:

10. **The Legislature should require comprehensive annual reports which include quantified fiscal and programmatic data of all state-supported projects in independent institutions. These reports should be monitored by the state agency where the project has been placed following legislative funding. The Legislature should provide adequate resources and the authority for developing standards against which the performance of projects is to be measured. Projects which fail to meet minimum standards of quality should be visited by the agency. If deficiencies are not corrected, the state agency should recommend project termination to the Legislature.**

11. **Prior to the 1990 Legislature session, and on a five-year schedule thereafter, each education-related project at an independent institution which was directly funded by the Legislature should undergo a comprehensive evaluation by the state agency responsible for administering funds with the assistance of an out-of-state consultant. In order to be considered for continued or increased funding by the state, this comprehensive evaluation should address need for the program as well as program quality.**

C. Auditing State-Supported Contracts at Independent Institutions

To date, no State contract with an independent institution has been subjected to an auditing process. A financial or program audit would verify compliance with the terms of the contract and the lawful use of state funds by a contracting independent institution. The Bureau of Auditing Services in the Department of Education presently audits state student financial aid programs and the tuition voucher program at independent colleges and universities in Florida. Independent institutions have the option of contracting with an independent auditor instead of the Department of Education auditor to conduct this evaluation. It appears that state contracts with independent institutions would fall also within the authority of the Bureau of Auditing Services.

Currently, the contractual agreements between the State and independent institutions vary for the Commission-reviewed academic contracts, and those contracts which have not been reviewed by the Commission and which are administered by either the Department of Education or the Board of Regents. All three types of contracts require some level of financial reporting, however, none require full disclosure or any type of audit.

Differing levels of monitoring and accountability among these various contracts have led to contradictions between practice and the formal agreements in some cases. For example, although the Department of Education contract specifies that "both parties agree that no indirect costs are implied in this agreement," both state contracts at Bethune-Cookman College spent 10 percent of their appropriation on indirect administrative costs in 1987-88 and, in 1988-89, one project will spend 10 percent and the other three percent on administrative support costs. Without an audit of the specific programs

being supported, the State has no true indicator of financial compliance with the contractual agreement or with laws regulating the use of State funds. The contractual document could be revised to require a periodic audit to determine lawful compliance with the expenditure of State funds.

Several contracts have supported the acquisition of equipment or the development of curriculum materials and computer-assisted learning packages. In reference to purchased equipment, the contract used by the Board of Regents for the health-related projects at the University of Miami which are funded by the Legislature states that "any and all equipment purchased with funds distributed pursuant to this contract shall remain the property of the [independent institution]." An example of a computer-assisted learning package, a cardiology patient simulator referred to as "Harvey," was developed by the University of Miami's Medical Training Simulation Lab. This computer-assisted learning package has been upgraded and expanded with the assistance of a State contract since 1986. The State contribution amounts to approximately one-half of the operational costs for the lab. The University of Miami holds both the patent for Harvey and the authority to sell this training package to medical centers throughout the world. The cardiology patient simulator is currently functioning at 28 medical centers in the United States and abroad. Although financing of computer-assisted learning packages is shared by the State and the institution, the ownership or property rights of this asset currently lie with the institution and any State claim has not been thoroughly addressed.

Currently, the Board of Regents does not have the legislative authority to specify the contractual requirements beyond fund disbursement with the institutions receiving State allocations, and therefore has no authority to require audits or to assert a State claim to any rights for property acquired or developed. In comparison, the general format of a Department of Education contract includes the statement that "anything, by whatsoever designation it may be known, that is produced by, or developed in connection with, this Contract shall become the exclusive property of the State of Florida and may be copyrighted, patented, or otherwise restricted as provided by Florida Statutes. Neither the Contractor nor any individual employed under this Contract shall have any proprietary interest in the product." This language has not been included in contracts with independent institutions by the Board of Regents since it perceives its authority as being limited to the disbursement of funds. An audit of contract projects may help to determine any State entitlement to equipment purchased or to any benefits from revenue-generating activities related to acquired or developed assets. This is an area previously not addressed by any State review.

Recommendation:

12. **Contractual agreements for all state-supported academic and research projects at independent institutions should include a requirement for periodic audits by the Department of Education's Bureau of Auditing Services or an independent auditor in order to determine compliance with the terms of the State contract. An audit of contract programs at independent institutions should include determination of State interest for materials, research, property acquired or developed by the**

state-supported program, and for other revenue-generating activities of the state-supported program.

Conclusion

When compared to other states, Florida is considered the leader in funding state-supported academic program contracts in independent institutions. State-supported contracts with independent institutions in Florida have increased dramatically during the 1980s. This increase has included contracts which are reviewed and recommended by the Commission prior to receiving legislative funding as well as those contracts with independent institutions which were funded directly by the Legislature. In conducting this study, the Commission reviewed issues related to funding, identification of areas of need, evaluation of program quality, reevaluation of existing contracts, cost comparisons with public sector programs, and new program approval in the State University System. These issues focus on increased efficiency and accountability in the contracting process. The Commission's report calls for improvements in the policies and procedures for both types of contracts; periodic audits of all state-supported contracts at independent institutions are also recommended.

APPENDIX A

STATUTES AND RULES RELATED TO ACADEMIC PROGRAM CONTRACTS

229.053 General powers of state board.—

(1) The State Board of Education is the chief policy-making and coordinating body of public education in Florida. It has the general powers to determine, adopt, or prescribe such policies, rules, regulations, or standards as are required by law or as it may find necessary for the improvement of the state system of public education. Except as otherwise provided herein, it may, as it shall find appropriate, delegate its general powers to the Commissioner of Education or the directors of the divisions of the department.

(2) The board has the following duties:

(a) To adopt comprehensive educational objectives for public education.

(b) To adopt comprehensive long-range plans and short-range programs for the development of the state system of public education.

(c) To exercise general supervision over the divisions of the Department of Education, including the Division of Universities, to the extent necessary to ensure coordination of educational plans and programs and resolve controversies and to coordinate the academic calendars of universities, community colleges, and public schools to minimize problems of articulation and student transfers, to assure that students moving from one level of education to the next have acquired competencies necessary for satisfactory performance at that level, and to ensure maximum utilization of facilities.

(d) To adopt, for public universities and community colleges, and from time to time modify, minimum and uniform standards of college-level communication and computation skills generally associated with successful performance and progression through the baccalaureate level; and to approve tests and other assessment procedures which measure student achievement of those skills.

(e) To adopt and transmit to the Governor, as chief budget officer of the state, on official forms furnished for such purposes, on or before November 1 of each year, estimates of expenditure requirements for the State Board of Education, the Commissioner of Education, and all of the boards, institutions, agencies, and services under the general supervision of the State Board of Education for the ensuing fiscal year.

(f) To hold meetings, transact business, keep records, adopt a seal, and perform such other duties as may be necessary for the enforcement of all laws and regulations relating to the state system of public education.

(g) To have possession of and manage all lands granted to or held by the state for educational purposes.

(h) To administer the State School Fund.

(i) To approve plans for cooperating with the Federal Government and, pursuant thereto, by regulation to accept funds, create subordinate units, and provide the necessary administration required by any federal program.

(j) To approve plans for cooperating with other public agencies in the development of regulations and in the enforcement of laws for which the state board and such agencies are jointly responsible.

(k) To approve plans for cooperating with appropriate nonpublic agencies for the improvement of conditions relating to the welfare of schools.

(l) To authorize, approve, and require to be used such forms as are needed to promote uniformity, accuracy, or completeness in executing contracts, keeping records, or making reports.

(m) To create such subordinate advisory bodies as may be required by law or as it may find necessary for the improvement of education.

(n) To constitute the State Board for Vocational Education or other structures as may be required by federal law; and

(o) To contract with independent institutions accredited by an agency holding membership in the Council on Postsecondary Accreditation for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of public postsecondary education.

History.—ss. 15, 21, 22, ch. 69-106; s. 1, ch. 75-19; s. 10, ch. 76-222; s. 2, ch. 81-162; s. 1, ch. 82-46; s. 2, ch. 82-180; s. 2, ch. 83-265; s. 6, ch. 84-5[illegible].

*Note.—Repealed effective October 1, 1990, by s. 1, ch. 82-46, as amended by s. 2, ch. 83-265, and s. 6, ch. 84-5[illegible], and scheduled for review pursuant to s. 11.61 in advance of that date.

[1]240.145 Postsecondary Education Planning Commission.—

(1) There is established the Postsecondary Education Planning Commission which is assigned to the Department of Education. The commission shall be administratively housed within the office of the Commissioner of Education, but it shall independently exercise the responsibilities assigned herein or delegated by the State Board of Education. The commission shall serve as an advisory body to the State Board of Education on all matters relating to postsecondary education, and its reports and recommendations shall be made available to the Legislature, the State Board of Education, other appropriate government officials, and the postsecondary educational institutions in this state.

(2) The commission shall be composed of 11 members of the general public and one full-time student representing the postsecondary education system of the state. Each member shall be appointed by the Governor, approved by three members of the State Board of Education other than the Governor, and confirmed by the Senate. Members shall serve staggered 4-year terms, except for the full-time student member, who shall serve for 1 year; however, of the initial nonstudent appointees, two shall hold 1-year terms, three shall hold 2-year terms, three shall hold 3-year terms, and three shall hold 4-year terms. The student member shall be selected annually with the qualification that he be a registered full-time student at a postsecondary educational institution as defined in chapter 230, relating to public area vocational-technical centers, in chapter 240, relating to public community colleges and universities, or in chapter 246, relating to nonpublic colleges, universities, and vocational schools. The members of the commission shall elect a chairman annually. The Governor shall fill all vacancies, subject to approval and confirmation, that may at any time occur on the commission.

(3) The commission shall meet as often as it deems necessary to carry out its duties and responsibilities.

(4) The commission shall appoint an executive director to serve at its pleasure, who shall perform the duties assigned to him by the commission. The executive director shall be the chief administrative officer of the commission and shall be responsible for appointing all employees and staff members of the commission, who shall serve under his direction and control.

(5) Members shall be paid travel and per diem expenses as provided in s. 112.061 while performing their duties under the provisions of this act.

History.—ss. 3, 6, ch. 81-182; ss. 1, 4, ch. 82-46; s. 2, ch. 83-265; s. 6, ch. 84-64.

[1]Note.—Repealed effective October 1, 1991, by s. 1, ch. 82-46, as amended by s. 2, ch. 83-265, and s. 6, ch. 84-64, and scheduled for review pursuant to s. 11.611 in advance of that date.

[1]240.147 Powers and duties of the commission.— The commission shall:

(1) Serve as the state commission on postsecondary education designated under s. 1202 of the 1972 amendments to the Higher Education Act of 1965, Pub. L. No. 92-318.

(2) Prepare and submit to the State Board of Education a master plan for postsecondary education. The plan shall include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, demographic patterns, student demand for programs, needs of particular subgroups of the population, implementation of innovative educational techniques and technology, and the requirements of the labor market. The capacity of existing programs, in both public and independent institutions, to respond to identified needs shall be evaluated and a plan shall be developed to respond efficiently to unmet needs.

(3) Recommend guidelines for the development of institutional roles, review plans of the postsecondary boards and institutions, and relay these plans to the State Board of Education and the Legislature.

(4) Recommend to the State Board of Education contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education. Each program shall be reviewed, with the cooperation of the institution, every 5 years.

(5) Recommend to the State Board of Education rules concerning the planning and coordination of postsecondary educational programs. These rules shall provide for the sector boards to assure that:

(a) Program reviews are conducted statewide.

(b) Every major program in public postsecondary education is reviewed every 5 years.

(c) Budget requests reflect program review results.

(d) Program decisions lead to the distinctive roles established for public universities and community colleges.

(6) Advise the State Board of Education regarding the need for and location of new programs, institutions, and campuses of public postsecondary education.

(7) Recommend to the State Board of Education and the Legislature the establishment of additional branch campuses of public postsecondary educational institutions. No branch campus may be established without a review by the commission and formal authorization by the Legislature. Any community college branch campus established to provide only exploratory, occupational proficiency, job preparatory, and supplemental vocational and technical instruction must be reviewed and recommended again by the commission and receive specific authorization by the Legislature before expanding its instructional offerings to the college parallel program area.

(8) Review public postsecondary education budget requests for compliance with the state master plan before submission to the State Board of Education.

(9) Assist the State Board of Education in the conduct of its postsecondary educational responsibilities in such capacities as the state board deems appropriate.

(10) Update the state master plan for postsecondary education every 5 years.

(11) Evaluate the impact that new lower divisions at state universities have on nearby institutions. The commission shall report to the State Board of Education on the extent to which implementing conditions are met.

(12) Review implementation of the state master plan and annually report to the State Board of Education and the Legislature the progress towards implementation.

History.—ss. 4, 6, ch. 81-182; ss. 1, 4, ch. 82-46; s. 2, ch. 83-265; s. 8, ch. 83-325; s. 6, ch. 84-64.

[1]Note.—Repealed effective October 1, 1991, by s. 1, ch. 82-46, as amended by s. 2, ch. 83-265, and s. 6, ch. 84-64, and scheduled for review pursuant to s. 11.611 in advance of that date.

6A-10.032 Postsecondary Education Contract Programs and Facilities.

(1) Purpose. The authorization for the State Board to contract with independent postsecondary education institutions for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of postsecondary education is based upon the principles of efficiency, effectiveness, and economy. The State Board may contract for a program or for the use of an existing facility if it can be demonstrated that the state needs for the program or facility may be met at lower cost or more effectively through contracting. In all cases, the program or facility obtained through contract must be of equal quality as similar programs and facilities in the state system of postsecondary education.

(2) Conditions for contract programs.

(a) Financial limitation. The state subsidy per credit hour for any contract program shall be determined on an individual contract basis. Florida students enrolled in contract programs shall be required to pay no more in tuition and laboratory fees than is charged in comparable programs in state institutions. No cost overruns shall be recognized in the case of contract programs. All contracts shall be on a flat fee basis per credit hour.

(b) Accreditation. Any institution proposing a contract program shall be accredited as provided by Section 229.053 (2)(b), Florida Statutes.

(c) Enrollment limit. There shall be a maximum FTE enrollment specified in the contract and certified by the contract institution during the term of the contract. If enrollment in a contract program falls below the maximum FTE enrollment specified, the state subsidy shall be reduced proportionally during the contract period based on the actual FTE enrollment in the program. State support shall be limited to those students enrolled in the contract program who have been bona fide Florida residents for the preceding year. Residency status shall be the same as the residency requirement established by the Board of Regents for students enrolled in the State University System. (See Rule 6C-7.005, FAC.)

(d) Extension. Contracts shall be subject to annual appropriation of funds by the Florida Legislature. The provisions of Chapter 216 of the Florida Statutes related to executive reduction of budgets shall apply. The State Board, subject to the appropriation of adequate funds by the Florida Legislature and the recommendation of the Postsecondary Education Planning Commission as specified in Rule 6A-10.032(3)(e), FAC, shall provide each student once admitted into a contract program sufficient time to complete the program in full-time status.

(3) Review process.

(a) Any proposed contract program shall be presented to the Postsecondary Education Planning Commission for review and recommendation to the State Board. In conducting its review the Commission shall consider the following:

1. Unmet needs to be addressed by the contract program;

2. Evidence of adequate resources of the contracting institution;

3. Demand for graduates from the contract program;

4. Any specialized accreditation held by the contract program, if appropriate;

5. The state subsidy for the contract program; in determining the state subsidy for any contract program, the following items shall be considered:

a. The state operating costs for comparable programs;

b. Additional state fixed capital outlay costs or start-up costs necessitated by expansion or creation of state programs;

c. Qualitative differences between programs;

d. Price level adjustments for contract renewals.

6. The capability of state institutions located nearest the potential contractor to furnish all or part of the program;

7. Consistency of the program with the state master plan for postsecondary education; and

8. The Impact Study required by the State Plan for the Equalization of Educational Opportunity.

(b) The Department, other institutions, postsecondary licensing and governing boards, regional coordinating councils established pursuant to Rules 6A-6.067 and 6A-14.037, FAC, and other appropriate external consultants may be involved in assisting the Commission in making a determination as to program quality and need.

(c) Based on the recommendation of the Commission, prior to contracting for a program, the Department shall include the contract program in its legislative budget request as a separate, identifiable item, subject to approval by the State Board.

(d) Each contract program shall be administered by the Department and shall be subject to periodic review by the Department in cooperation with the Postsecondary Education Planning Commission. In addition to the items specified in Rule 6A-10.032(3)(a), FAC, the review shall consider the ratio of students enrolled under the contract to the number of graduates produced.

(e) The Commission shall provide the State Board with a recommendation on the annual renewal of each contract.

Specific Authority 229.053(1) FS. Law Implemented 229.053(2)(c), 240.147(3) FS. History - New 4-18-82, Formerly 6A-10.32.

240.1201 Determination of resident status for tuition purposes.—Students shall be classified as residents or nonresidents for the purpose of assessing tuition fees in public community colleges and universities.

(1) As defined under this section:

(a) The term "dependent child" means any person, whether or not living with his parent, who is eligible to be claimed by his parent as a dependent under the Federal Income Tax Code.

(b) The term "institution of higher education" means any of the constituent institutions under the jurisdiction of the State University System or the State Community College System.

(c) A "legal resident" or "resident" is a person who has maintained his residence in this state for the preceding year, has purchased a home which is occupied by him as his residence, or has established a domicile in this state pursuant to s. 222.17.

(d) The term "parent" means the natural or adoptive parent or legal guardian of a dependent child.

(e) A "resident for tuition purposes" is a person who qualifies as provided in subsection (2) for the in-state tuition rate; a "nonresident for tuition purposes" is a person who does not qualify for the in-state tuition rate.

(2)(a) To qualify as a resident for tuition purposes:

1. A person or, if that person is a dependent child, his parent or parents must have established legal residence in this state and must have maintained legal residence in this state for at least 12 months immediately prior to his qualification.

2. Every applicant for admission to an institution of higher education shall be required to make a statement as to his length of residence in the state and, further, shall establish that his presence or, if he is a dependent child, the presence of his parent or parents in the state currently is, and during the requisite 12-month qualifying period was, for the purpose of maintaining a bona fide domicile, rather than for the purpose of maintaining a mere temporary residence or abode incident to enrollment in an institution of higher education.

(b) However, with respect to a dependent child living with an adult relative other than the child's parent, such child may qualify as a resident for tuition purposes if the adult relative is a legal resident who has maintained legal residence in this state for at least 12 months immediately prior to the child's qualification, provided the child has resided continuously with such relative for the 5 years immediately prior to the child's qualification during which time the adult relative has exercised day-to-day care, supervision, and control of the child.

(c) The legal residence of a dependent child whose parents are divorced, separated, or otherwise living apart will be deemed to be this state if either parent is a legal resident of this state, regardless of which parent is entitled to claim, and does in fact claim, the minor as a dependent pursuant to federal individual income tax provisions.

(3) An individual shall not be classified as a resident for tuition purposes and, thus, shall not be eligible to receive the in-state tuition rate until he has provided such evidence related to legal residence and its duration as may be required by officials of the institution of higher education from which he seeks the in-state tuition rate.

(4) With respect to a dependent child, the legal residence of such individual's parent or parents is prima facie evidence of the individual's legal residence, which evidence may be reinforced or rebutted, relative to the age and general circumstances of the individual, by the other evidence of legal residence required of or presented by the individual. However, the legal residence of an individual whose parent or parents are domiciled outside this state is not prima facie evidence of the individual's legal residence if that individual has lived in this state for 5 consecutive years prior to enrolling or reregistering at the institution of higher education at which resident status for tuition purposes is sought.

(5) In making a domiciliary determination related to the classification of a person as a resident or nonresident for tuition purposes, the domicile of a married person, irrespective of sex, shall be determined as in the case of an unmarried person, by reference to all relevant evidence of domiciliary intent. For the purposes of this section:

(a) A person shall not be precluded from establishing or maintaining legal residence in this state and subsequently qualifying or continuing to qualify as a resident for tuition purposes solely by reason of marriage to a person domiciled outside this state, even when that person's spouse continues to be domiciled outside of this state, provided such person maintains his legal residence in this state.

(b) A person shall not be deemed to have established or maintained a legal residence in this state and subsequently to have qualified or continued to qualify as a resident for tuition purposes solely by reason of marriage to a person domiciled in this state.

(c) In determining the domicile of a married person, irrespective of sex, the fact of the marriage and the place of domicile of such person's spouse shall be deemed relevant evidence to be considered in ascertaining domiciliary intent.

(6) Any nonresident person, irrespective of sex, who marries a legal resident of this state or marries a person who later becomes a legal resident may, upon becoming a legal resident of this state, accede to the benefit of the spouse's immediately precedent duration as a legal resident for purposes of satisfying the 12-month durational requirement of this section.

(7) A person shall not lose his resident status for tuition purposes solely by reason of serving, or if such person is a dependent child by reason of his parent's or parents' serving, in the Armed Forces outside this state.

(8) A person who has been properly classified as a resident for tuition purposes but who, while enrolled in an institution of higher education in this state, loses his resident tuition status because he or, if he is a dependent child, his parent or parents establish domicile or legal residence elsewhere shall continue to enjoy the in-state tuition rate for a statutory grace period, which period shall be measured from the date on which the circumstances arose that culminated in the loss of resident tuition status and shall continue for 12 months. However, if the 12-month grace period ends during a semester or academic term for which such former resident is enrolled, such grace period shall be extended to the end of that semester or academic term.

(9) Any person who ceases to be enrolled at or who graduates from an institution of higher education while classified as a resident for tuition purposes and who subsequently abandons his domicile in this state shall be permitted to reenroll at an institution of higher education in this state as a resident for tuition purposes without the necessity of meeting the 12-month durational requirement of this section if that person has reestablished his domicile in this state within 12 months of such abandonment and continuously maintains the reestablished domicile during the period of enrollment. The benefit of this subsection shall not be accorded more than once to any one person.

(10) The following persons shall be classified as residents for tuition purposes:

(a) Active duty members of the armed services of the United States stationed in this state, their spouses, and dependent children.

(b) Full-time instructional and administrative personnel employed by state public schools, community colleges, and institutions of higher education, as defined in s. 228.041, and their spouses and dependent children.

(c) Students from Latin America and the Caribbean who receive scholarships from the federal or state government. Any student classified pursuant to this paragraph shall attend on a full-time basis a Florida institution of higher education.

History.—s. 2, ch. 85-325; s. 82, ch. 86-306; s. 12, ch. 86-196; s. 5, ch. 86-136.

6C-7.05 Florida Student Definitions.

(1) For the purpose of assessing registration and tuition fees, a student shall be classified as a resident or a nonresident. A "resident for tuition purposes" is a person who qualifies for the in-state tuition rate; a "nonresident for tuition purposes" is a person who does not qualify for the in-state tuition rate.

(a) To be classified as a "resident for tuition purposes," a person, or, if a dependent child, the child's parent or parents, shall have established legal residence in Florida and shall have maintained legal residence in Florida for at least twelve (12) months immediately prior to his or her qualification. A dependent child is a person who may be claimed by his or her parent as a dependent under the Federal Income Tax Code. Every applicant for admission to a university shall be required to make a statement as to the length of residence in the state and, shall also establish his or her presence, or, if a dependent child, the presence of his or her parent or parents, in the state for the purpose of maintaining a bona fide domicile in accordance with the provisions of Section 240.1201(2)(b), Florida Statutes.

(b) With respect to a dependent child, the legal residence of such individual's parent or parents shall be prima facie evidence of the individual's legal residence in accordance with the provisions of Section 240.1201(4), Florida Statutes. Prima facie evidence may be reinforced or rebutted by evidence of residency, age, and the general circumstances of the individual in accordance with the provisions of Rule 6C-7.05(2).

January 8, 1986

(c) In making domiciliary determinations related to the classification of persons as residents or nonresidents for tuition purposes, the domicile of a married person, irrespective of sex, shall be determined in accordance with the provisions of Section 240.1201(5), Florida Statutes.

(d) Any nonresident person, irrespective of sex, who marries a legal resident of this state or marries a person who later becomes a legal resident, may, upon becoming a legal resident of this state, accede to the benefit of the spouse's immediately precedent duration as a legal resident for purposes of satisfying the 12-month durational requirement.

(e) No person shall lose his or her resident status for tuition purposes solely by reason of serving, or, if a dependent child, by reason of the parent or parents serving, in the Armed Forces outside this state.

(f) A person who has been properly classified as a resident for tuition purposes, but who, while enrolled in an institution of higher education in this state, loses resident tuition status because the person, or, if a dependent child, the parent or parents, establish domicile or legal residence elsewhere, shall continue to enjoy the in-state tuition rate for a statutory grace period. This grace period shall be measured in accordance with the provisions of Section 240.1201(8), Florida Statutes.

(g) The legal residence of a dependent child whose parents are divorced, separated, or otherwise living apart shall be deemed to be Florida if either parent is a legal resident of Florida, regardless of which parent is entitled to claim, and does in fact claim, the minor as a dependent pursuant to federal individual income tax provisions.

(h) Any person who ceases to be enrolled at or graduates from an institution of higher education while classified as a resident for tuition purposes and who subsequently abandons Florida domicile shall be permitted to reenroll at an institution of higher education in this state as a resident for

tuition purposes in accordance with the provisions of Section 240.1201(10), Florida Statutes.

(i) A member of the Armed Forces on active duty stationed in Florida, and the spouse and dependents of such member, shall be classified as residents for tuition purposes.

(j) Full-time instructional and administrative personnel employed by state public schools, community colleges, and institutions of higher education, and the spouses and dependent children of such individuals, shall be classified as residents for tuition purposes.

(2) An individual shall not be classified as a resident for tuition purposes and, thus, shall not be eligible to receive the in-state tuition rate, until the individual has provided satisfactory evidence as to his or her legal residence and domicile to appropriate university officials. In determining residency, the university shall require evidence such as a voter registration, driver's license, automobile registration, location of bank account, rent receipts or any other relevant materials as evidence that the applicant has maintained 12 months residence immediately prior to qualification. To determine if the student is a dependent child, the university shall require evidence such as copies of the aforementioned documents. In addition, the university may require a notarized copy of the parent's IRS return. If a non-resident wishes to qualify for resident tuition status in accordance with Section (1)(d) above, the applicant must present evidence of the spouse's legal residence with certified copies of the aforementioned documents. "Resident student" classification shall also be construed to include students to whom an Immigration Parolee card or a Form I-94 (Parole Edition) was issued at least one year prior to the first day of classes for which resident student status is sought, or who have had their resident alien status approved by the United States Immigration and Naturalization Service, or who hold an Immigration and Naturalization Form I-151,

I-551 or a notice of an approved adjustment of status application, or Cuban Nationals or Vietnamese Refugees or other refugees or asylees so designated by the United States Immigration and Naturalization Service who are considered as Resident Aliens, or other legal aliens, provided such students meet the residency requirements stated above and comply with subsection (4) below. The burden of establishing facts which justify classification of a student as a resident and domiciliary entitled to "resident for tuition purposes" registration rates is on the applicant for such classification.

(3) In applying this policy:

(a) "Student" shall mean a person admitted to the institution, or a person allowed to register at the institution on a space available basis.

(b) "Domicile" shall denote a person's true, fixed, and permanent home, and to which whenever the person is absent the person has the intention of returning.

(c) "Parent" shall mean an individual's father or mother, or if there is a court appointed guardian or legal custodian of the individual, other than the father or mother, it shall mean the guardian or legal custodian.

(d) The term "dependent child," as used in this rule, is the same as a dependent as defined in the Internal Revenue Code of 1954.

(4) In all applications for admission or registration at the institution on a space available basis a "resident for tuition purposes" applicant, or, if a dependent child, the parent of the applicant, shall make and file with such application a written statement, under oath, that the applicant is a bona fide resident and domiciliary of the state of Florida, entitled as such to classification as a "resident for tuition purposes" under the terms and conditions prescribed for residents and domiciliaries of the state of Florida. All claims to "resident for tuition purposes" classification must

be supported by evidence as stated in 6C-7.05(1), (2) if requested by the registering authority.

(5) A "nonresident" or, if a dependent child, the individual's parent, after maintaining a legal residence and being a bona fide domiciliary of Florida for twelve (12) months, immediately prior to enrollment and qualification as a resident, rather than for the purpose of maintaining a mere temporary residence or abode incident to enrollment in an institution of higher education, may apply for and be granted classification as a "resident for tuition purposes"; provided, however, that those students who are non-resident aliens or who are in the United States on a non-immigration visa will not be entitled to reclassification. An application for reclassification as a "resident for tuition purposes" shall comply with provisions of subsection (4) above. An applicant who has been classified as a nonresident for tuition purposes" at time of original enrollment shall furnish evidence as stated in 6C-7.05(1) to the satisfaction of the registering authority that the applicant has maintained residency in the state for the twelve months immediately prior to qualification required to establish residence for tuition purposes. In the absence of such evidence, the applicant shall not be reclassified as a "resident for tuition purposes." It is recommended that the application for reclassification be accompanied by a certified copy of a declaration of intent to establish legal domicile in the state, which intent must have been filed with the Clerk of the Circuit Court, as provided by Section 222.17, Florida Statutes. If the request for reclassification and the necessary documentation is not received by the registrar prior to the last day of registration for the term in which the student intends to be reclassified, the student will not be reclassified for that term.

(6) Appeal from a determination denying "resident for tuition purposes" status to applicant therefor may be initiated after appropriate administrative remedies are exhausted by the filing of a petition for review pursuant to Section 120.68 F.S.

(7) Any student granted status as a "resident for tuition purposes," which status is based on a sworn statement which is false shall, upon determination of such falsity, be subject to such disciplinary sanctions as may be imposed by the president of the university.

Specific Authority 240.209(1), (3)(m) FS. Law Implemented 120.53(1)(a), 240.209(1), (3)(d), (m), 240.233, 240.235, 240.1201 FS., Section 10 of CS/HB 121, 1985 (Chap. 85-196, Laws of Florida, 1985). History--Formerly 6C-2.51, 11-18-70, Amended 8-20-71, 6-5-73, 3-4-74, Amended and Renumbered 12-17-74, Amended 1-13-76, 12-13-77, 8-11-81, 6-21-83, 12-14-83, 6-10-84, 10-7-85, 1-8-86.

APPENDIX B

CONSULTANT'S SUGGESTIONS FOR IMPROVEMENT

November 22, 1988

Dr. Patrick Dallet, Assistant Executive Director
Postsecondary Education Planning Commission
Knott Building
Tallahassee, FL 32399

Dear Dr. Dallet:

I have reviewed the Commission's policies and procedures for contracting with independent colleges and universities to fulfill state needs not being met in the public sector. This letter summarizes my general reactions to the material. Specific comments concerning the Commission's policies and application procedures were discussed with Dr. Linda Recio of your staff.

My first reaction was surprise at the extensive (and, I suspect, expensive) process that the state uses to award and review a small number of contracts (12 in 1987-88) serving a very small number of students (about 500 FTE per year). A more efficient administrative process would be to target student financial aid on specific programs in independent institutions. The aid might be in the form of grants, work, or forgivable loans. The quality control mechanism would essentially be student-based decisions to enroll and remain through a degree. I understand, however, that such a fundamental shift is not likely to be considered at this time.

Assuming, then, that the general contracting concept is maintained, there are two general comments I would like to make. First, there is currently no capability at the state level to prioritize needs. At present, a proposal is initiated by an independent institution and assessed on its merits without regard to other needs in the region or state. Ideally, it would be preferable to link program needs to the Master Plan and prioritize needs by program and region. Realistically, however, PEPC does not have the staff capacity to translate broadly stated Master Plan goals into specific program recommendations. The best approach, therefore, seems to be to continue the current two-pronged structure: (1) proposal initiation by individual independent institutions; and (2) occasional PEPC initiated requests for proposals stemming from PEPC studies.

Second, the Commission's policies and procedures do not explicitly state the specific need criteria to be used in evaluating a proposed program. Retaining this flexibility in determining need is a sound approach for dealing with the wide variety of proposals likely to come before the Commission.

I would suggest consideration of the following changes to current practices and procedures:

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(1) A Two Step Application Process. The current process requires an applicant to complete a full-scale application at the beginning of the process. Proposals are often rejected based on an insufficient demonstration of need. I suggest splitting the application process into two parts: a preliminary proposal focused on demonstrating need and sketching the proposed response to the need and, if the needs test is passed, a full-scale program proposal similar to the one you currently use.

(2) Modify the Application Process. Review the current application information required to ensure that the information sought is actually used in the initial decision and/or will be used as benchmarks for evaluating performance. I believe that you can strengthen the proposal process by deleting some items (I discussed these with Linda Recio) and adding others, for example, sections on recruitment strategies, admission standards (and any variation for subsidized versus non-subsidized students), retention strategies, and placement strategies. Finally, I would add a section on how an institution would adapt to non-renewal of the contract.

(3) Reduce the Number of Reviews. Currently, each contract program is visited annually by PEPC staff. I suggest required visits to the institutions be conducted in Years 1, 2, and 5 only. At other times, a brief annual report should be sufficient for monitoring purposes and could be used to trigger additional visits on an exception basis.

(4) Add a Review of Public Sector Expansion. Fulfilling state needs should be reviewed from the perspective of both the public and independent sectors. Public sector program expansion plans should be reviewed to insure that they are not unnecessarily duplicative of existing programs in the independent sector. I did not note the occurrence of such a review at present.

(5) Add a Maintenance of Effort Criteria. Currently there is no provision that contract programs expand access to new students. The addition of maintenance of effort provision would ensure that the state's contract expenditures are providing expanded access to Florida residents, not merely subsidizing those that would enroll anyway.

(6) Consider Forward Funding. Currently, contract decisions are not finalized until June or July for an academic term beginning in September. This is not enough time to recruit faculty or students or enhance facilities, equipment or library holdings. Why not forward fund the contracts so that institutions have sufficient time to prepare for the addition of students under the contract?

The quality assessment procedures are sound and appear to be working well. I have no suggestions for improving this aspect of proposal review.

In my mind, the most important state policy question in this area is not Commission policies and procedures but direct contracting from the legislature to individual institutions without benefit of any formal review or follow-up. This practice puts politics above policy analysis and undercuts the purpose of the Commission. Until the legislature can exercise sufficient self-discipline

to refer contract proposals to the Commission for review and recommendation, Florida's larger efforts to manage the development of postsecondary education, both public and independent are likely to be at least partially thwarted.

This concludes my comments. If you have any questions, or would like to discuss any of my suggestions, please feel free to contact me.

Sincerely,

Gordon Van de Water

Gordon Van de Water

APPENDIX C

BOARD OF REGENTS REPORT ON ACADEMIC PROGRAM CONTRACTS

REVIEW OF ACADEMIC PROGRAM CONTRACTS WITH PRIVATE COLLEGES AND UNIVERSITIES

In proviso language included in the 1988 General Appropriations Act, the Florida Legislature directed that:

> Contracts funded from Specific Appropriations 426A and 426E through 426R shall be reviewed by the Board of Regents for consistency with the State University System master plan. The Board of Regents shall, in addition to the recommendations required pursuant to s.240.147(4), make recommendations to the State Board of Education regarding the consistency of such contracts with the State University System master plan.

The statutory reference in the proviso language is to that portion of law which directs the Postsecondary Education Planning Commission (PEPC), "to recommend to the State Board of Education (SBE) contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education." The Commission also reviews each contract and makes annual recommendation to the SBE on funding by November of each year. To be most useful to the SBE and the Legislature, therefore, the Board's review of contracts also should be transmitted to the SBE by November 1, 1988.

Subsequent to the passage of the 1988 General Appropriations Act, tne Board adopted a new Master Plan to guide the development and operation of the State University System (SUS) through the period 1988-89 through 1992-93. The final recommendation in this Master Plan relates to the kind of review directed by this proviso, and reads as follows:

> The Board of Regents recommends that state assistance to independent colleges and universities, other than financial aid and tuition vouchers, be provided only for those programs which have been appropriately reviewed and recommended for funding by PEPC.

A contract with an independent institution, therefore, may be considered to be generally consistent with the SUS Master Plan if it has been appropriately reviewed by PEPC. Under this simple criteria, the contracts listed in the proviso language are or are not consistent with the SUS Master Plan, as follows:

Specific Appropriation	Institution and Program	1988-89 Amount	Consistent with SUS Master Plan
426A	Bethune-Cookman College Medical Technology	$40,066	Yes
426B-D	(Exempted from Board Review)		

Specific Appropriation	Institution and Program	1988-89 Amount	Consistent with SUS Master Plan
426E	Florida Institute of Technology-Science Ed.	109,586	Yes
426F	University of Miami Industrial Engineering	230,083	Yes
426G	Florida Institute of Technology-Engineering	512,293	Yes
426H	Edward Waters Upgrade	250,000	No
426I	Mt. Sinai Hospital Radiologic Technology	90,250	Yes
426J	University of Miami Nursing (BSN)	460,673	Yes
426K	Barry University Social Work (MSW)	244,226	Yes
426L	(Florida Institute of Technology) Technological Research and Development Authority	31,200	No
426M	University of Miami Biomedical Engineering	113,478	Yes
426N	University of Miami Biomedical Science (Doctoral)	457,596	Yes
426O	University of Miami Rosenstiel Marine and Atmospheric Science (Ph.D)	306,204	Yes

Specific Appropriation	Institution and Program	1988-89 Amount	Consistent with SUS Master Plan
426P	University of Miami		
	Electrical Engineering	613,184	Yes
426Q	University of Miami		
	Nursing (MSN)	378,259	Yes
426R	Nova University		
	Undergraduate	1,834,551	No (Vetoed)

Three of these programs, one of which was vetoed by the Governor, are not consistent with the SUS Master Plan as they were not appropriately reviewed and recommended for funding by PEPC. The Technological Research and Development Authority, although housed at the Florida Institute of Technology, is actually a state entity created by Ch. 87-455, Laws of Florida, to "provide scientific research and development in Brevard County, Florida." The three programs exempted from the Board's review also were not reviewed by the Commission.

In addition to this general consistency with the SUS Master Plan, a contract program could also be said to be consistent with the Master Plan if it does not conflict with potential program development at the nine state universities during the five year period of the plan. The twelve programs listed above as having been reviewed by PEPC also are consistent with the SUS Master Plan in this regard.

The Commission has noted, however, that public sector programs have arisen at certain state universities subsequent to enactment of contract programs with independent institutions in the area. This situation now occurs with three contract programs at the University of Miami: Nursing (BSN); Industrial Engineering; and Electrical Engineering, and the Social Work (MSW) program at Barry University. The Commission reviews this situation annually and recommends adjustments to the contract programs as it deems appropriate. It should be noted that development of programs in Social Work and Nursing, in particular, is completely consistent with the mission of an urban public university.

The Commission also has recommended to the SBE funding for three new contracts in 1989-90: Architectural Engineering at the University of Miami; an acccelerated BSN in Nursing at Barry University for students who already possess a baccalaureate degree; and a program in elementary and early childhood education at Florida Southern College. The programs have been reviewed by the Commission, do not appear to conflict with state university programs or program plans and may, therefore, be considered to be consistent with the SUS Master Plan. The Architectural Engineering program is unique in Florida. The Barry University Nursing program presents an option which is different from the program offered by Florida International University and is also unique in Florida. The University of South Florida has agreed to concentrate its Lakeland offerings in areas other than elementary and early childhood education.

State of Florida
Department of Education
Tallahassee, Florida
Betty Castor, Commissioner
Affirmative action/equal opportunity employer